DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES

HOUSE OF COMMONS

SECOND SESSION—EIGHTEENTH PARLIAMENT

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1937

CANADA

House of Commons Debates

OFFICIAL REPORT

Tuesday, March 23, 1937

The house met at three o'clock.

REPORTS OF COMMITTEES

BANKING AND COMMERCE

Mr. W. H. MOORE (Ontario) presented the third report of the standing committee on banking and commerce, and moved that the report be concurred in.

Motion agreed to.

RAILWAYS AND SHIPPING

Mr. A. M. YOUNG (Saskatoon) presented the fourth report of the standing committee on railways and shipping.

SUPREME COURT ACT

AMENDMENT TO CLARIFY PROVISION RESPECTING APPEALS

Hon. ERNEST LAPOINTE (Minister of Justice): moved for leave to introduce Bill No. 78, to amend the Supreme Court Act.

Some hon. MEMBERS: Explain.

Mr. LAPOINTE (Quebec East): The purpose of this amendment is merely to clarify the meaning of the present section 37 of the Supreme Court Act. Under that section there is a right of appeal per saltum when parties agree and with the consent of the court of final resort in the province. It is to make clear that the appeal must be from a judgment which is applicable to that court of final resort as well.

Motion agreed to and bill read the first time.

HAMILTON WEST BY-ELECTION

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): Before the orders of the day are called I should like to direct the attention of the house to a statement issued by the Prime Minister (Mr. Mackenzie King), which appeared in this morning's papers, with respect to the results of yesterday's by-election in Hamilton West.

Some hon. MEMBERS: Order.

Mr. LENNARD: Mr. Speaker, the Prime Minister made a misstatement of fact, and I should have the privilege of correcting it.

Mr. SPEAKER: Order. I think that the hon. member's statement is not a proper one on the orders of the day.

ROYAL AIR FORCE

REPORTED REQUEST FOR DOMINION COOPERATION IN TRAINING AND SERVICE

On the orders of the day:

Mr. W. R. MACDONALD (Brantford City): Mr. Speaker, I should like to draw the attention of the Minister of National Defence (Mr. Mackenzie) to reports from London, England, which have recently appeared in the Canadian press, to the effect that there is now in operation a scheme for the training of pilots from Australia in the Royal Air Force, and that a similar scheme is being established in New Zealand. This article, which appeared on Monday in the Brantford Expositor and other leading Canadian newspapers, is headed in one of these papers "British Air Force seeks Canadian Pilots" and reads in part as follows:

> "There is already in operation a scheme whereby pilots are trained as cadets in the Royal Australian Air Force and then serve a term of years with the air force of this country," Sir Philip said. "Afterwards they revert to the Royal Australian Air Force Reserve."
>
> "New Zealand is establishing a similar scheme and also a system whereby applicants are medically examined to ensure that they are not turned down when they come to this country."

In the closing paragraph, Sir Philip Sassoon, the Under-Secretary for Air in the imperial government, states:

We should welcome adoption of a similar system by Canada, from which dominion no

fewer than one hundred young men have come on their own and have been accepted for short service commissions. We welcome these pilots. They are first rate young men and we wish to do everything in our power to facilitate their entry.

I should like to know whether any steps have already been taken by Canada to enter into such an arrangement. If not, is it the intention of the government to enter into such a system?

Hon. IAN MACKENZIE (Minister of National Defence): My hon. friend was good enough to give me notice of the question. A few minutes ago I laid on the table a return to an order containing exhaustive information in reply to a question asked by the hon. member for Kindersley (Mr. Elliott). The question my hon. friend has just raised is fully answered in that order, but if it is not I shall be glad to bring down supplementary information at a later date.

PORT OF VANCOUVER

REQUEST FOR INVESTIGATION INTO HANDLING OF WATERBORNE FREIGHT

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I wish to direct a question to the Minister of Transport (Mr. Howe). For some time there has been more or less dissension on the Vancouver waterfront on the part of rival organizations, and the shipping federation has been brought into the matter. I understand that the city council of Vancouver has asked the Department of Transport or the federal government to appoint a commission or some unbiased authority to investigate the situation. I should like to know whether that request has reached the government yet and whether the minister is prepared to say what action will be taken in the matter.

Hon. C. D. HOWE (Minister of Transport): The hon. gentleman kindly gave me notice of the question. I received, dated March 16, a telegram from the city clerk of Vancouver reading as follows:

> The following resolution was adopted by city council March fifteenth: That the federal government be asked to appoint a competent unbiased authority on port and marine matters to make a survey of the situation on Vancouver waterfront with a view to ascertaining whether the handling of waterborne freight into and out of Vancouver is not so out of line with international practice as to militate against the best interests of the port.

[Mr. W. R. Macdonald.]

In reply to the hon. member's inquiry I may say that the intention of the National Harbours Board of withdrawing from the British Columbia Shipping Federation has already been made known to the house. I am advised by the National Harbours Board that this policy is being worked out as rapidly as conditions will permit. No situation appears to exist at Vancouver which prevents the facilities of the port being fully used for the benefit of Canadian trade, nor does there appear to be necessity for any survey and investigation as requested.

THE PARLIAMENTARY GUIDE

On the orders of the day:

Mr. GEORGES BOUCHARD (Kamouraska): May I ask the Secretary of State (Mr. Rinfret) whether the Canadian Parliamentary Guide has been printed this year? Is it true that it has been printed and distributed to the senators, and may we hope that it will soon be distributed among members of this house?

Hon. FERNAND RINFRET (Secretary of State): The Parliamentary Guide is published by a private individual, though he is a member of the civil service. The publication is a private one. The House of Commons used to have an estimate out of which it bought copies of the Parliamentary Guide and distributed them to members of the house, but I understand that this year that estimate has not been introduced and the money has not been provided for the purpose. Neither the Secretary of State's department nor the printing bureau has anything to do with it, the publication being, as I say, a private one.

Right Hon. R. B. BENNETT (Leader of the Opposition): I should like to inquire whether the Secretary of State has told us the whole story in view of the fact that the Parliamentary Guide has been distributed to the Senate.

Mr. RINFRET: I will be quite frank; I have told everything I know about it. If there is something I do not know and which the leader of the opposition knows I shall welcome the information.

Mr. BENNETT: It is of such a character that I will communicate it to the hon. gentleman privately.

Mr. POULIOT: Therefore he was right not to state it.

Mr. STIRLING: May I ask the Secretary of State out of what funds the copies of the Parliamentary Guide issued to the senators have been purchased?

Mr. RINFRET: I would surmise that the distribution to the Senate has been made in the same way as it used to be made to members of the House of Commons, that is, out of a fund in the Senate estimates. I do begin to feel that there is something underlying all this in which the opposition is much better versed than we are. I wish to state most positively that I know nothing about the Parliamentary Guide except what I am now communicating to the house. It is published by a Mr. Normandin, who is employed in the printing bureau, but it is published at his own expense and to his own profit. The House of Commons used to buy a certain number of copies, but I understand from the clerk that this has been discontinued. The Senate also buys a certain number and distributes them to the Senators. The Secretary of State, however, has positively nothing to do with it.

Mr. BENNETT: When was it discontinued?

Mr. LAPOINTE (Quebec East): We will all inquire now.

HALIBUT FISHERY

AMENDMENTS TO CONVENTION BETWEEN CANADA AND THE UNITED STATES

On the orders of the day:

Mr. THOMAS REID (New Westminster): I wish to direct to the Minister of Fisheries (Mr. Michaud) a question based on the following press dispatch:

> The senate foreign relations committee has submitted to the senate for ratification a proposed convention with Canada regulating halibut fishing in the North Pacific ocean and the Bering sea.

Will that treaty be introduced at the present session for ratification along with the United States amendments?

Hon. J. E. MICHAUD (Minister of Fisheries): A joint commission which has been administering halibut fishing in the waters mentioned in that dispatch has made a recommendation to the government for some amendments to the existing convention. These recommendations were forwarded to the Department of External Affairs and are being considered at the present time.

INQUIRY FOR RETURN

On the orders of the day.

Mr. E. J. WERMENLINGER (Verdun): Mr. Speaker, before the orders of the day are called, I should like to ask the Postmaster General (Mr. Elliott), or some other minister who might reply in his stead, when answers will be tabled to the questions passed as orders for return on February 10 last, respecting a subject of interest to all the postmasters of the country, as well as to another question, concerning all the civil servants of Canada, which was passed as an order for return on February 22. As the end of the session is approaching, I would ask the Postmaster General or some other minister whether these returns are to be tabled shortly.

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, I shall be glad to call the Postmaster General's attention to the remarks of my hon. friend. If one of the motions referred to concerns all the civil servants of Canada, as he has just said, it is no wonder that the return is not ready; indeed, it would be surprising if it were ready before next session.

WAYS AND MEANS

The house in committee of ways and means, Mr. Sanderson in the chair.

CANADA-UNITED KINGDOM TRADE AGREEMENT

Customs tariff—ex 377a, et al. Wrought iron in the form of billets, bars, rods, sheets, strips, plates or skelp: rate of duty, free.

Mr. MACDONALD (Brantford): When the house was in committee of ways and means last week the hon. member for Davenport (Mr. MacNicol) asked me and other members as to the effect of a certain change in tariff duties on a certain industry in Brantford, and suggested that I was interested in employment. I thank him for the reference, and assure him that I am very much interested in employment not only in Brantford but throughout the whole dominion. I should like however to draw the attention of the committee—and more particularly of hon. members from the city of Toronto, which is known, or at least claims, to have a corner on loyalty—to a certain advertisement that appeared recently in a magazine. Hon. members will recall that last year the Toronto Transportation Commission purchased twenty-seven motor buses to carry Canadian workingmen to and from

their daily toil. Motor bus bodies are manufactured in Canada, and if the Toronto Transportation Commission do not know where, I can assure hon. members from Toronto that in Brantford we manufacture the very finest motor buses made in the world. The Toronto Transportation Commission were in the market for twenty-seven motor buses. They no doubt looked all over Canada, but, forgetting the principle so highly extolled by members from Toronto, of work for Canadian workmen, they purchased, to carry Canadian workingmen, buses made in the United States by United States workingmen.

Some hon. MEMBERS: Shame.

Mr. MACDONALD (Brantford): I am quite sure that hon. members from Toronto, whom I hold in high regard and am proud to count among my personal friends, were not parties to this transaction, but I do feel that it should come to the attention of the committee.

I hold in my hand a picture of these twenty-seven motor buses lined up in front of presumably Canadian factories. They are splendid buses. This picture appears in a Canadian trade journal printed in Toronto. The advertisement itself is in the form of an insert, in the centre of the magazine, and on the back of the insert showing these United States buses made by American workers to carry Canadian workingmen, is none other than a picture of the union jack. But, Mr. Chairman, looking further, I find that the Toronto Transportation Commission not only bought the buses in the United States, not only had the union jack placed around the picture of the buses, just as many hon. members, especially those from Toronto, are at times apt to wrap the union jack around them when they make an address, but had this insert, which could have been printed in Canada, printed where? In the United States of America.

When hon. members of this house, especially from the city of Toronto, inquire into employment in other cities I feel that they should first see that their own house is in order. When Toronto practises what it preaches we may all say, yes, we will follow Toronto; but in the meantime we shall do what is in the best interests of Canada.

Mr. MacNICOL: I must first congratulate the hon. member on his zeal for the employment of workers in Canada. I must commend him for the speeches he has hitherto made in this house on behalf of Canadian workmen. If he keeps on along that line he will be changing his seat from that side of the house to this side, where the defenders of Canadian workmen are in the majority.

In reference to the item he has brought up I may say that personally I would much rather those buses had been made in Brantford by Canadian workmen than by workers in the United States. In that I support his zeal to have buses for Canadians made by Canadian workmen. I may tell him however that I am afraid the workmen themselves do not ride in the buses. The buses in Toronto are used to carry high class office assistants from Forest Hill village and the upper part of the city to their offices downtown. Most of the workers ride in the street cars.

Mr. MACDONALD (Brantford): Surely Canadian workmen are good enough to make buses for the people of Toronto.

Mr. MacNICOL: No bus is too good for Canadian workmen. I would like to see them ride in the finest kind of buses. As for the magazine mentioned by the hon. member, I did not get the name. What was the name?

Mr. MACDONALD (Brantford): The name of the magazine is Bus and Truck Transport. I understand it is printed in Toronto, except for the insert.

Mr. MacNICOL: I imagined the whole magazine was printed in the United States, owing to the fact that the present government has largely crucified the magazine business of this country.

Mr. MACDONALD (Brantford): That is not correct. The magazine, with the exception of the Toronto Transportation Commission advertisement, is printed in Canada.

Mr. MacNICOL: The hon. gentleman will pardon me for recalling that the present government has crucified, I am told, the printing of fifty-two magazines in this country. They are now printed in the United States, so naturally I thought this magazine was printed in the United States. Otherwise I must again commend the hon. member for his support of Canadian workmen. I will recall to his mind the fact that yesterday Canadian workmen in Hamilton voted for a Tory candidate, and elected him. And while I do not want to see a by-election in the hon. member's riding I can promise him that if there should be one, the workman there would also vote for a Tory candidate.

Mr. DUNNING: Now that we have had a speech from each side on the question of buses and magazines, I wonder if we could consider wrought iron, the item before the committee.

Mr. CHURCH: The hon. member for Brantford (Mr. Macdonald) is labouring under a misapprehension. Just the other night his colleague from Brant (Mr. Wood) rose in this house and attacked the financial position of the city of Toronto, which is one of the most solvent cities in Canada, with a sinking fund of nearly $30,000,000 available to meet its obligations. It owns all its public utilities, which are operated at cost, and each one has a large surplus.

The CHAIRMAN: Order.

Mr. CHURCH: I am coming to the item; I am pretty close to it. In reply to the hon. member for Brantford I may say that the city of Toronto operates its transportation system through a commission. The service is furnished at cost, and that commission is managed so efficiently that it does not find it necessary to exceed its estimates at any time. When the commission took over the transportation system it was found that the facilities were not sufficient to furnish the materials needed, and many of the orders had to be filled in Montreal and by the Westinghouse people in Hamilton. It is true that the commission have shops of their own in which a good deal of the work can be done, but wrought iron and many other parts must be brought in. Let me tell the hon. member that the steam railways cannot serve all the people and refuse commutation tickets, and if it were not for the buses a large portion of our population would not have any transportation service at all. The Toronto Transportation Commission is not asking for any favours in connection with wrought iron or anything else. This is the first time I have ever heard of Toronto getting anything free in connection with wrought iron or anything else.

Mr. SPENCE: I am glad the hon. member for Brantford drew to the attention of members of this house from Toronto the fact that these buses bought by the Toronto Transportation System were purchased in the United States. Of course there may have been some reason for that; they may have called for tenders, and the tender from Brantford may have been much higher than the others. Personally, however, I should be glad to see these buses bought in Canada even if they did cost a little more money. This again brings up the question of an irresponsible commission which is not under the control of the city council of Toronto or anyone else. They take it upon themselves to do this sort of thing without consulting the members of this house, the members of the city council or anyone. We have several commissions of the same type under this government, however, and they do not seem to be criticized.

Mr. HARRIS: I should like to say just a word, Mr. Chairman. Perhaps the dumping provisions might be invoked in connection with these articles which contain a certain amount of wrought iron. Then if the tariff were made sufficiently substantial so that these goods could be manufactured in Canada, the Toronto Transportation Commission would not be able to buy these articles in the United States.

Mr. MAYBANK: I move that these apologies be accepted.

Item agreed to.

Customs tariff—377c. Ingots, cogged ingots, blooms, slabs billets, n.o.p., of iron or steel, of a class or kind not made in Canada, when imported by manufacturers of forgings for use exclusively in the manufacture of forgings, in their own factories, under regulations prescribed by the minister: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—ex 378. Bars and rods, of iron or steel; billets, of iron or steel, weighing less than 60 pounds per lineal yard:

(b) Not further processed than hammered or pressed, n.o.p.: rate of duty, 10 per cent.

(c) Cold rolled, drawn, reeled, turned or ground, n.o.p.: rate of duty, 10 per cent.

(d) Hot rolled, valued at not less than 4 cents per pound, n.o.p.: rate of duty, free.

Mr. DUNNING: This is a reduction in rate.

Item agreed to.

Customs tariff—ex 378a. Bars or rods, of iron or steel, hot rolled, viz:

Rounds over 4⅞ inches in diameter and squares over 4 inches: rate of duty, free.

Item agreed to.

Customs tariff—ex 379. Bars or rods, of iron or steel, including billets weighing less than 60 pounds per lineal yard, not rolled, as hereunder defined, under regulations prescribed by the minister:

(e) Bars of iron or steel, hot rolled, 5 inches in diameter and larger, when imported by manufacturers of polished shafting for use in their own factories: rate of duty, free.

(f) Sash or casement sections of iron or steel, hot or cold rolled, not punched, drilled nor further manufactured, when imported by manufacturers of metal window frames, for use in their own factories: rate of duty, free.

Mr. BENNETT: Is there a change in this item?

Mr. DUNNING: These are entry free bound.

Item agreed to.

Customs tariff—380. Plates of iron or steel, hot or cold rolled:

(a) Not more than 66 inches in width, n.o.p.: rate of duty per ton, $4.25.

(b) More than 66 inches in width, n.o.p.: rate of duty, free.

(c) Flanged, dished or curved, n.o.p.: rate of duty, 5 per cent.

(d) With chequer, diamond or other raised pattern on contact surface: rate of duty, free.

Mr. DUNNING: The present rate of duty is bound; there is no change, except on sub-item (c).

Mr. MacNICOL: I should like to suggest to the minister that when he reconsiders this item, perhaps next year, he might go into the advisability of extending the protection to include plates up to 78 inches in width. A goodly part of the steel plate business in Hamilton during the last year has been the rolling of plate between 66 and 78 inches in width. Owing to the fact that there is very little plate coming in from the old country at the moment, due to the war scare, that plant has been able to dispose of plate made in Canada up to 78 inches in width. I am convinced that it would be taking another step in the right direction if the minister would consider protecting plate up to 78 inches in width next year.

Mr. DUNNING: I shall be glad to take note of my hon. friend's remarks. The concern that is making these larger plates is now running full time and, I think, doing very well. A year ago we helped the situation to some extent by restoring the dump provisions relating to this article which previously had been suspended. With respect to steel, and particularly steel plates of this size, the present world condition in regard to demand and manufacture renders it quite impossible to predict what might be the situation twelve months from now.

Mr. BENNETT: You cannot do anything about it twelve months from now; you are bound for three years, are you not?

[Mr. Dunning.]

Mr. DUNNING: The rate is bound, yes.

Mr. STEWART: I understood the minister to say there was no reduction here. I think there is.

Mr. DUNNING: Not in the (a) section. There is a reduction in rate in the (c) section.

Item agreed to.

Customs tariff—ex 381. Sheets, of iron or steel, hot or cold rolled:

(a) ·080 inch or less in thickness, n.o.p.: rate of duty, 7½ per cent.

Mr. DUNNING: There is no change in this item.

Item agreed to.

Customs tariff—382. Hoop, band or strip, of iron or steel:

(a) Hot rolled, ·080 inch or less in thickness, n.o.p.: rate of duty, 5 per cent.

(b) Hot rolled, more than ·080 inch in thickness, n.o.p.: rate of duty per ton $3.

(c) Cold rolled or cold drawn, ·080 inch or less in thickness, n.o.p.: rate of duty, 7½ per cent.

(d) Cold rolled or cold drawn, more than ·080 inch in thickness, n.o.p.: rate of duty, 12½ per cent.

Mr. DUNNING: There is a reduction of rate under (a) and (b). The present rate is bound under (c), and (d) shows a reduction in rate against Great Britain. I could give the detailed reductions, but I think hon. members already have them.

Mr. MacNICOL: I should like to direct the attention of the minister to another matter with which I know he is acquainted already, because I have had reports from the people who have written him and who have also written me, in reference to items 382, 383, 385 and 386.

Mr. DUNNING: We have not reached those items yet.

Mr. MacNICOL: But what I have to say in regard to this item applies to all four items. As I understand it, at the moment some of our manufacturers are having very great difficulty in obtaining the necessary raw products with which to carry on in Canada, particularly plates of the thicknesses referred to here, because in the United States they have little to export and at the moment we cannot import any considerable quantity from Great Britain. I am just wondering what we are going to do in Canada. At the moment it is not a matter of duty at all; it is a matter of sufficient production to supply us with plate of the thicknesses required to permit, for example, the galvanized iron plate plant at

Sarnia, and other similar plants, to continue in operation. Is there anything that can be done to provide these plants with their raw products?

Mr. DUNNING: My hon. friend realizes, of course, that the difficulty he now mentions is practically world wide at the moment, and at the present time I see no prospect of its easing. As he says, it is not particularly a matter of tariff but rather of the extremely great world demand for this class of article. All I can say is that we are watching the situation and wherever it is possible to give any assistance by way of developing a source of supply we are glad to do so, although generally speaking the men engaged in this class of manufacture are alive to their own business and very much more efficient in regard to it than the government possibly could be. I think they are very much alive to the situation and are working on the matter at all times. Up to now I must confess that the condition has been growing steadily more difficult with respect to the supply of this class of material. That is true not only of this country but I believe of all other countries as well.

Mr. BENNETT: Mr. Chairman, I was waiting until another item was called, but since that item is now to be discussed I shall make my observations at this time.

In the first place, black sheets are produced in only one mill in Canada, for the purpose of galvanizing. That mill is at Hamilton, and belongs to the Steel Company of Canada. They have no iron ore, and import their iron ore or raw material from the United States. In the second place, they are unable to meet the Canadian demand—absolutely. In the third place, orders placed in England cannot be filled at the present time. Some orders placed in England last fall are being filled in part, and some cannot be filled. In the next place, black sheets are required for galvanizing, and are required in western Canada, not next summer, but now, with the opening of navigation. Great Britain does not supply these plates at the moment, because she cannot do so and at the same time meet her own domestic demands. Therefore there is but one market left to which the Canadian can turn, and that is the United States. Shall he be denied the right to buy in that market when he cannot buy anywhere else? Shall he have to pay an extra ten per cent to buy in that market? That is the issue.

We have met that issue in connection with Indian corn and other matters. When we have found the Canadian consumer confronted with an impossible situation we have at once enabled him to get his raw material by lessening the rate of duty and putting it upon a basis at least similar to that which prevailed in Great Britain under the preference. The rate on plates from Great Britain stands at five per cent. If my memory serves me correctly the rate on plates from the United States is 20 per cent, plus three per cent excise tax, making a total of 23 per cent. The British rate is five per cent, with no excise tax. The Canadian consumer is denied the right to buy in England; he cannot buy a plate. Canada has one factory, the orders of which more than cover its capacity. Shall the Canadian consumer in western Canada be without galvanized sheets? That is the issue.

I submit to the minister the matter can be dealt with simply by doing with the sheets exactly what we did with Indian corn from the Argentine. We could make a free rate for three months so that the sheets could come in from the United States, or—in order that no unfairness might be shown to those who have purchases—make it five per cent, which is the same rate as applies to England. The only difference would be that in purchasing from the United States one would have to pay the three per cent excise tax, making a total of eight per cent, and thereby discriminating against the purchaser to a certain extent.

The situation is one which cries for relief; it is not imaginary. The other day in my room a westerner who for twenty years has been meeting Canadian demands told me that he found himself unable to buy galvanized sheets.

Mr. DUNNING: From British sources of supply.

Mr. BENNETT: No, not British sources of supply at all.

Mr. DUNNING: The individual my right hon. friend mentions has been filling the demand from a British source of supply.

Mr. BENNETT: He had to, because the preference was fifteen per cent. The real truth of the matter is that in order to give England something for what they gave us, namely a free market for our products, in 1932 we did endeavour to give them a preference on steel. We gave a preference under the intermediate tariff to such an extent that they were able to get some business. The hon. member for Davenport has referred to another item which I shall not mention.

Why cannot the government do something for the Canadian consumer, who is crying for relief, and who wants galvanized sheets? Why cannot they do something? That is what I want to know. We did it in connection with Indian corn; why can we not do it for black sheets? There is only one house in Canada producing them, and that house is sold out and will not quote prices for future delivery. That plant is working to capacity, and yet here is a person crying for galvanized sheets; people are crying for them. They are very much in demand in western Canada, as every hon. member from that part of the country must know. Hardware firms which usually supply them are driven to the position of either importing galvanized sheets from the United States and paying a high duty, thereby putting out of employment employees in Canadian galvanizing plants, or doing without them. The hon. member for Davenport referred to a plant at Sarnia, but I shall not make special reference to it at the moment.

Aside from all that, why cannot the government ask the British government, in view of the fact that Great Britain is unable to supply us with what we require, to let us take down the tariff barrier for three months, in order that the supply may be made available for the Canadian galvanizer with his pots at Sarnia, or elsewhere as the case may be? South Africa at once acceded to such a request when we asked them about corn.

Mr. DUNNING: They took a little time.

Mr. BENNETT: Yes—until they found out they were going to have no crop. As soon as they saw there was a crop failure they realized that Canadians had to have corn and they said, "As the corn cannot come from us, and you want to let it in, go ahead and do it"—and we did it.

Here is the steel situation. Iron sheets are required for galvanizing. We cannot buy them in Canada; we cannot buy them from Great Britain, but we can buy them from the United States. But if we have to pay 20 per cent duty on them, together with a three per cent excise tax, the price of raw material will be so high that the galvanizer in Canada cannot possibly supply the market. That is the position. Why can we not do something to help out?

I suggest to the minister that the British government be asked to permit us for three months to import raw material from other countries. Someone will say, "You cannot get raw material from the United States." You can, because I know of a manufacturer who has quotations on it, and can obtain delivery in three weeks. I do not know whether that supply will last long, but I do say that here is a situation created by world conditions, and that under that situation Canadians cannot get their supply. I should have said earlier in my remarks that some have a supply, or a partial supply, and can galvanize. Others cannot, however, because they have not the raw material. The answer of some people is, "If their credit was good enough they would have bought a supply and put it away in warehouses in England. Had they done that, they would have it now." We cannot ruin our business by showing favouritism of that kind, where business would depend on whether a man had a million dollars in the bank at a particular time. True, some of them were able to make purchases and to store those purchases in anticipation of a situation under which, if pressed, they could draw from their stores. But that is not this case. This is a condition exactly similar to that which obtained in connection with the corn situation in South Africa and the Argentine. I believe England is not unfair; at least I never found them so in the four and a half years we had dealings with them in connection with the trade agreement. They were always reasonable with respect to any request made. If we asked them for a period of two or three months, or as the minister may determine, to place black sheets on the free list, I have every reason to believe our request would be favourably considered—unless they have changed their general policy in dealing with matters of this kind.

Mr. DUNNING: Mr. Chairman, I am sorry that I replied to the hon. member for Davenport (Mr. MacNicol) in connection with the item at present before the committee. I was not dealing with the matter to which the leader of the opposition is referring. It was my expectation that I would have to make detailed reference to that item when we reached it in the schedule, at a point about ten items beyond the one now before the committee. Perhaps it would facilitate the work of the committee if we were to pass along, and deal with the matter in proper order.

Mr. BENNETT: The hon. member for Davenport dealt with it, and that is the reason I did so.

Mr. DUNNING: I did not understand the hon. member for Davenport to be referring to black sheets.

Mr. BENNETT: He was talking about sheets for galvanizing.

Item agreed to.

Customs tariff—383. Sheets, plates, hoop, band or strip of iron or steel:

(a) Coated with tin, of a class or kind not made in Canada, n.o.p.: rate of duty, free.

(b) Coated with tin, n.o.p.: rate of duty, free.

(c) Coated with zinc, n.o.p.: rate of duty, 7½ per cent.

(d) Coated with metal or metals, n.o.p.: rate of duty, 5 per cent.

(e) Coated with paint, tar, asphaltum or otherwise coated, n.o.p.: rate of duty, 5 per cent.

(f) Coated with vitreous enamel, n.o.p.: rate of duty, 10 per cent.

(g) Corrugated, coated or not: rate of duty, 10 per cent.

Mr. BENNETT: On three items there are no changes; on two there is a reduction of 2½ per cent, and on one 5 per cent.

Mr. DUNNING: That is right.

Item agreed to.

Customs tariff—385. Sheets, plates, hoop, band or strip, of iron or steel, hot rolled, valued at not less than five cents per pound, n.o.p.: rate of duty, free.

Mr. STEWART: I think it would speed up the passing of these items if the minister would continue the practice he started of announcing when the item is called whether there is any change.

Mr. DUNNING: I shall be glad to do that. In this case the reduction is from 5 per cent to free.

Item agreed to.

Customs tariff—385a. Sheets, plates, hoop, band or strip, of rust, acid or heat resisting steels, hot or cold rolled, polished or not, valued at less than five cents per pound: rate of duty, free.

Item agreed to.

Customs tariff—ex 386. Sheets, plates, hoop, band or strip, of iron or steel, as hereunder defined, under regulations prescribed by the minister:

(a) Plates, when imported by manufacturers for use exclusively in the manufacture or repair of the pressure parts of boilers, pulp digesters, steam accumulators and vessels for the refining of oil, in their own factories: rate of duty, free.

(h) Sheets, plates, hoop, band or strip, hardened, tempered or ground, not further manufactured than cut to shape, without indented edges, when imported by manufacturers of saws for use exclusively in the manufacture of saws, in their own factories: rate of duty, free.

(m) (i) Sheets of iron or steel, cold rolled, when imported by manufacturers for use exclusively in the manufacture of sheets coated with tin: rate of duty, free.

(ii) Sheets, hoop, band or strip, of iron or steel, hot rolled, when imported by manufacturers for use exclusively in the manufacture of sheets, hoop, band or strip, coated with zinc or other metal or metals, not including tin, in their own factories: rate of duty, 5 per cent.

(p) Sheets of iron or steel, hot or cold rolled, with silicon content of ·075 per cent or more, when imported by manufacturers of electrical apparatus, for use in the manufacture of electrical apparatus in their own factories: rate of duty, free.

(q) Hoop steel, hot or cold rolled, plain or coated, ·064 inch or less in thickness, not more than three inches in width, when imported by manufacturers of barrels or keys or by manufacturers of flat hoops for barrels and kegs, for use exclusively in their own factories: rate of duty, free.

Mr. BENNETT: In (a) there is a reduction of 5 per cent.

Mr. DUNNING: There is a reduction in the rate in (h) from 5 per cent to free. There is no change in item (m)(i); this is binding the free entry. The next item is the one to which the leader of the opposition was referring a few moments ago. I gather from his remarks that the interested parties have made to him the same representations that they have made to me as representing the government. I had not an opportunity to tell the committee about this previously, but a difficulty has arisen due substantially to the circumstances to which the leader of the opposition made reference. As he says, there is only one mill in Canada manufacturing black sheets for galvanizing. Another mill is getting ready for and will be in production in the next few months. This mill will produce continuous sheets which will serve the same purpose. A number of those who have been purchasing black sheets in England for some years past now find their sources of supply very much delayed, if not denied to them altogether. The question arises whether or not some special arrangement should be made, having regard to the particular circumstances now prevailing. If I could be certain of all the facts, as the leader of the opposition evidently is, my answer would be different. I can only say that the facts are being carefully sifted and every effort will be made to meet the situation.

I would point out that there is no difficulty in reducing the rate under the intermediate tariff from 20 per cent to 15 per cent, but under the agreement we would have to reduce the British rate from 5 per cent to free because the 15 per cent margin must be maintained. As to whether that is quite fair, having regard to all the circumstances, or as to whether it is necessary to go further than that, I am not yet in a position to state. If it is necessary, in order to meet Canadian consumptive demand, to go further than that, then we must communicate with the British government, as we did with the South African government in the case of corn. I have no

more reason to think that they will be difficult about the matter than has the leader of the opposition. I do know that we must be able to give them all the facts with respect to Canadian consumptive demand and Canadian sources of supply. On their part they will have accurate information as to the possibilities of meeting Canadian demand from British sources. They already know of that.

I can assure the committee that we are not losing sight of the problem. It is one of the problems which arise in the course of administration when we are faced with an upset such as the one which has taken place in the iron and steel industry of the whole world as a result of the tremendous armament programs. I can assure my right hon. friend that the matter is under consideration, the facts are being assembled and proper action will be taken.

Mr. BENNETT: Mr. Chairman, the minister says that if he was as sure of the facts as I am he would have no difficulty.

Mr. DUNNING: Of all the facts.

Mr. BENNETT: The essential facts are all the facts that are necessary to be known if the government is in earnest in dealing with this matter. First, the interest that represented the matter to the minister was not, I think, the interest that represented the matter to me. I was approached by a representative of the consumers, not of the producers. The man who supplies most of the west with this material was in this city. He told me that he was unable to get his raw material, and wanted to know what he was to do to meet the demands of the consumers of western Canada.

Mr. DUNNING: That is not the same man.

Mr. BENNETT: Certainly not. I assume the interests who saw the minister were the producers of galvanized sheets. The gentleman who saw me has been for the last twenty-five years the principal western distributor of this material. I do not know whether the minister saw him.

In order that there may be no question about the matter let us see what are the essential facts. Time is important. Every day lost, every hour lost, makes it more difficult to get raw material at reasonable prices from the United States. Prices of steel in the United States have gone up from $3 to $8 per ton, and will probably go higher. While we are investigating the cost of agricultural implements the prices of the raw materials that enter into those implements have increased twenty-five per cent. That is the position which we have to face at the moment.

The first essential fact is that there is only one source of supply in Canada at the moment. The second essential fact is that the contemplated additional production will not be available during the next three months. That can be stated as a certainty. If it is available in three months, it will not be in a position to supply the requirements of black sheets for galvanizing.

Mr. DUNNING: It is working every day turning them out.

Mr. BENNETT: To supply the requirements of these people.

Mr. DUNNING: That is supplying Canadian demand.

Mr. BENNETT: That is the second factory, not the first—not the Hamilton plant. The minister said there was a second plant which would probably be in a position to increase its production during the next few months. I am pointing out that it is not in a position at the moment to meet the spread between the demand of the Canadian people and the production of the single factory at Hamilton.

The next essential fact is that they cannot get supplies from England. The British will not undertake deliveries in time to make galvanized sheets available in western Canada this season. The other fact is that, at the moment, you can get galvanized sheets—or may be able to get them—in the United States. The question of price is important, because it is dependent upon daily, almost hourly conditions; every hour lost imperils the opportunity of production by one plant with which the largest, or one of the largest, distributors in western Canada has placed his orders. These are essential facts. What facts should the British government know that they do not know, that the minister has, that cannot be presented? Shortly, the story is that Canadians in the west cannot get galvanized sheets for their requirements this spring unless we can bring in from the United States a quantity of raw material for the production of these sheets. In order to do that—

Mr. DUNNING: That is not proven as far as I am concerned. That is my point.

Mr. BENNETT: I do not pretend that I have the facilities which the minister has at his disposal; for he has only to ring a bell and he can ascertain these facts within twenty-four hours. This country has a service of telegraphs and telephones quite adequate for that purpose. The known distributions in the

west can be communicated with, the supply they have on hand ascertained, and their prospective market known. The prospective supply is known to all. Just where the pots are located is known. Where they can be dipped is known. And the availability of supplies from Great Britain and Canada can be ascertained within a few hours. The gentlemen concerned who have been presenting this matter went home two weeks ago. I may add that I did not meet them.

The subject is of such pressing importance that the minister should ascertain the facts and communicate by cable with Great Britain before another rise in the price of raw material in the United States makes it impossible for these men to do business at all. It must be borne in mind that the raw material already purchased by other buyers will be profitable to them, because they will sell on a basis of market prices which will give them larger profits than they would otherwise obtain. In other words, those who have had foresight and have been financially able to acquire large supplies of raw material are going to reap a harvest, whereas those who have to purchase at an increased price must either face a loss, if they sell at a price as low as their competitors can afford to do, or sell at a price which their competitors will maintain for the sake of the larger profit that will accrue. That is why I think the matter is important and pressing and that cable communication with the British government is desirable, if the source of supply upon which western Canada relies for its galvanized plates is to be available this year. If it is not, then the other factor must be considered, namely the purchase of the galvanized plates from some other source, and that involves the question of the duty that has to be paid for the completed article as compared with the raw material. If the minister thinks that I was endeavouring to express full certainty about the facts, let me say that I was only pointing out that there are facts which are known to him and should be known to every member of the committee who desires to know them. There is no assumption on my part of knowledge of the facts but rather a statement of them to the committee in order that they may have an intelligent appreciation of the real issue, which is whether or not western Canada shall get galvanized plates at a reasonable price, whether we shall have to import galvanized plates from the United States or some other country, and whether the increased price of the raw material which has come about, insuring to the benefit of those who will be able to sell their products at a high price, is to continue after a reduction of the tariff for the sole purpose of meeting such a situation. In the case of Indian corn or maize from South Africa we met the situation frankly. Such action was not taken solely by the present government; under similar circumstances, similar action was taken by the preceding government and would, I assume, be taken by any government when appropriate conditions arise. That state of things has now come about; delays are dangerous and will certainly involve increases in prices. Instead of wasting time in trying to find out what the facts are, the minister, knowing what the facts are, should take action so that this condition may not continue.

Mr. DUNNING: Mr. Chairman, it is very helpful to have my right hon. friend's eloquence and forensic ability applied to the task of persuading me to be willing to do something which, I think every member of the committee knows, it would be my natural disposition to do in any event. My reference to full knowledge of the facts relates to this feature: I know that certain Canadian fabricators are getting their supplies to-day from British sources. I know of one Canadian fabricator who is in the position to which my right hon. friend refers. It happens that the large distributor in Winnipeg to whom he has alluded has for years obtained his supplies of galvanized sheets from the one fabricator and is in the difficult position to which my right hon. friend refers. I am not certain that there are not some smaller fabricators in the same position. If that is so, there is considerable merit in the contention.

One must remember two things. One is that the plant which is operating is running twenty-four hours a day—supplying what? Supplying Canadian demand. The second is that several of our largest fabricators of black sheets are securing their supplies at this moment from British sources with which they have had connection for many years.

Mr. BENNETT: Just how many? Let us see what the minister is going to say.

Mr. DUNNING: There are three I could name.

Mr. BENNETT: Well, let us have them. I happen to know some of them. Who are they?

Mr. DUNNING: I do not like particularly to give the names of concerns.

Mr. BENNETT: Why not? It is well known who is in this business.

Mr. DUNNING: My right hon. friend can take that responsibility if he wishes.

Mr. BENNETT: I shall be very glad to do so.

Mr. DUNNING: At any rate I know that one of the very largest fabricators is getting supplies. One other I know is—

Mr. BENNETT: Have they had any supplies delivered to them in the last three weeks?

Mr. DUNNING: It is difficult to say.

Mr. BENNETT: No, it is not.

Mr. DUNNING: I know that they do not regard themselves as being in immediate difficulty. A third I have in mind, who formerly relied on British sources and cannot now do so because of his purchasing arrangements, is being looked after, I am advised, by the Canadian source of supply. However, there is no need for us to argue about the matter. I could have well imagined, had action been taken along the lines of the request of my right hon. friend before this item came up for discussion, that some hon. members would have condemned the government for letting down the tariff bars against the United States. We are very glad to know that the leader of the opposition has the great appreciation that he has of the nature of the problem, and, as I said at the outset, it will assist very materially in moving forward quickly in regard to it. It does not affect this item; it amounts really to creating an exception from this item for a temporary condition.

Mr. WARD: My understanding of the tariff regulations has been that unless ten per cent of a commodity was produced in Canada the provisions of the tariff did not apply. Am I correct in that?

Mr. BENNETT: No.

Mr. DUNNING: No, there is nothing of that kind. The hon. member is thinking of the dumping duty, not of the straight tariff.

Mr. BENNETT: The dumping duty would have no application if this were done now. I do not see why the minister finds it desirable in dealing with this item to talk about forensic powers or abilities.

Mr. DUNNING: I admire them very much.

Mr. BENNETT: That is beside the issue. There is no need of discussing them. We are dealing with an item and a problem that is involved in it, and we want to deal with that problem on an intelligent, businesslike basis. When the hon. gentleman says that he knows of one firm that is receiving raw material, sheets, he is referring to General Steel Wares, who get their material from Baldwins, with whom they had a working arrangement; and as a matter of fact the president of the enterprise is one of the directors of Baldwins. At one time they had a branch here. What is the sense of saying that there is any secrecy about it? Everyone is thoroughly familiar with all the facts. They say they are receiving a portion of their deliveries, but they had large credits arranged for their supplies. They had foresight, and they will probably reap a substantial profit by that foresight. They are the only large producers of galvanized sheets, and they are not suppliers to the particular business in western Canada to which I have reference.

Surely this is not a question of suggesting what might have been done. When a minister of the crown, particularly the Minister of Finance, suggests that under other conditions some different course would have been taken, that is entirely beside the point. The question is, what course have we taken? That is the issue, and it will be found that during the five years we were in office we took but one course with respect to these matters. While we were developing Canadian industry and giving employment to Canadians we saw to it that if the time came when it was impossible to secure requirements for Canadians there would be proper provision for that very purpose. We made provision whereby it could be done; for the tariff is precisely for that purpose.

This is not a matter that has arisen to-day or yesterday; it has been known for weeks, and has been pressed upon the minister. He says he wants to know what the facts are. I say that he has had ample time to get the facts; and if we had been as dilatory in dealing with such a matter as that lapse of time suggests we should no doubt have been blamed, as we were with respect to other matters.

The corn matter did become acute and the South African government came to an agreement and action was taken. Up to the moment England has not been asked. The minister makes that abundantly clear from what he says. It takes time for the government to make inquiries there, and by the time these inquiries are made it will perhaps be too late to deal with the matter and the whole channel of trade of the country in this direction will have been disturbed by reason of that fact.

The minister must not think that because one speaks in this manner there is anything personal about it. There is no necessity for animadverting upon the poor way in which

the case may have been presented; I am trying to present the case. Nor is there any necessity to speak of what might have been done under other circumstances. All we can discuss is what has been done, and I have presented the matter as I have seen it. I may observe that I never in my life saw the person concerned except once. The papers are under my hand, because I brought them to the chamber in case it was necessary to use them should any controversy arise. The matter is of importance as involving the whole source of supply, and I would say frankly to the minister that if, as a result of any action taken, it becomes necessary to pay the high duty to obtain galvanized sheets from the United States mills I shall consider that we have made a capital mistake, when we can secure the raw material under the terms I have mentioned so that Canadian fabricators can produce the finished article and maintain continuity of life in the industry in question.

I am not unmindful of the difficulties. There is of course a galvanizing plant at Hamilton which is well known, being a branch of an English house. I believe it is one of the largest plants in the country.

Mr. DUNNING: It is.

Mr. BENNETT: As far as I can remember it is probably the largest in Canada. But there are smaller plants. The one at Sarnia has three or four modern pots capable of doing as much galvanizing as two of the old pots; and as regards those at Montreal and other places, some of them are the very latest and others old. The question of improvements that have been made in galvanizing arises in this connection. In some of the plants in Canada the work can be done with greater celerity than was possible five or six years ago. Indeed, the improvements that have been brought about in galvanizing have been quite substantial, more especially in connection with galvanizing pipe. That question, however, does not arise at this particular moment. We are now dealing with the matter of sheets, and if as a result of the discussion the minister will continue his inquiries with as much zeal as possible under the circumstances, it will be appreciated by all those who are affected—and every consumer of galvanized sheets has a vital and direct interest in this transaction.

Mr. DUNNING: Before allowing the matter to pass I should say that I have positive knowledge of only one concern that is adversely affected to the extent portrayed. Any action would involve a specific length of time; my right hon. friend sees that.

Mr. BENNETT: Certainly.

Mr. DUNNING: When I spoke of all the facts I had in mind that feature of it. The fabricators in Canada indicate what their capacity is, and we do know what our imports from Great Britain were last year. We do not yet know, however, to what extent these imports of last year will be diminished by the circumstances now prevailing and which are being looked into. But this much is clear. Some of the largest fabricators are still receiving their supplies from English sources.

Mr. BENNETT: My information is that they have not received any lately.

Mr. DUNNING: I know of only one plant that is adversely affected by reason of not having made forward orders upon its English connections. From the point of view of my right hon. friend that is important because that particular fabricator supplied the largest distributor in western Canada; and the largest distributor in western Canada and the plant at Sarnia to which reference has been made are, of course, very much concerned. I can only assure my right hon. friend that the matter will not be lost sight of, and action can be taken very quickly so far as this government is concerned. But we want to be sure, when submitting a request to the British government on a matter of such importance, that we present all the facts in the best possible manner so that no question can afterwards be raised.

Mr. BENNETT: The minister realizes that, so far as the United States is concerned, the present tariff means a prohibition against these people.

Mr. DUNNING: In order to make any entry from the United States effective, the dumping provisions also would have to be removed.

Mr. BENNETT: Yes, but they would not apply. The minister will find that they do not apply under present price conditions. But leaving that aside, the real issue is this, that they cannot maintain their pots at all if in order to secure their raw material they have to pay the present tariff, plus three per cent excise tax and eight per cent sales tax on these goods. The hon. gentleman is quite right in saying that the distributor in western Canada has had a contract for his supply of materials.

Mr. DUNNING: And the supplier cannot fill it.

Mr. BENNETT: Exactly.

Mr. DUNNING: Because the supplier did not protect himself.

Mr. BENNETT: He could not secure the raw material.

Mr. DUNNING: He accepted a contract without protecting himself with respect to raw materials.

Mr. BENNETT: He did what I suppose nine out of ten manufacturers do; they assume that they will be able to meet the situation with respect to orders as required. When he gave his orders, had they been filled he would have been all right; but they were not. Last year when I spoke on the budget I referred to the tariff board's report of October, and I also referred the other day to the question of sheets. I used the word "strips," but I am informed that technically that is not the proper word. I was talking about the continuous sheets used in automobile production. I did not know the situation until I was in Australia and when I came back I applied it to our conditions and found then what the position was. We are facing a reality which means a prohibition to this man if he has to pay twenty per cent plus three per cent as against his competitor who buys for five and no three per cent, and who by reason of his financial position is able to make arrangements which are denied the other person.

Mr. DUNNING: My right hon. friend knows, of course, that this is not the first time this has been asked for.

Mr. BENNETT: I am not familiar with what took place before.

Mr. DUNNING: I am fairly sure that—under circumstances not so extreme, I admit—similar application was made to my right hon. friend's government.

Mr. BENNETT: That was another matter. The information given to the minister just now is not quite accurate in that regard. Something else was involved, the question of the release of the United States Steel Company's sheets at Ojibway, and an arrangement was made, which the minister can ascertain, by which they were distributed under conditions that worked a hardship upon some people by reason of certain undertakings that were given not having been implemented. After 1932 it may be so; I have no recollection.

Mr. DUNNING: I can only say that in the representations made to me by those who are opposed—naturally, because of their own interest—to any action being taken, it was definitely indicated to me that representations made to my right hon. friend, or my predecessor perhaps, had been refused, and always the Canadian demand had been met. Of course there never has been such an extreme situation as that now existing.

Mr. BENNETT: I think if the minister will look into it during the dinner recess he will find it had to do with the Ojibway accumulation of sheets.

Mr. DUNNING: Yes, that is a separate question, a different question.

Mr. BENNETT: After 1932 I can recall no question arising of there being an ample supply at all times, and the imports from England are shown. The Hamilton plant did not begin to produce the black sheets until 1932 or since. I remember that when we were framing this item in the tariff, production in quantity had not arisen, and the question of production in quantity had to be considered. I do recall, now that the minister mentions it, that Mr. Boyd of the Sarnia plant was in London at the time certain arrangements were being made in connection with these matters, and he had some trouble which arose largely out of the difficulty in adjusting the United States Steel supply of plates that were permitted to be sold under conditions probably based upon an erroneous appreciation of the circumstances. I daresay the minister knows the story. They had a large quantity of plates and the plates were to be galvanized and sold under certain conditions so as not to glut the market. It was said that advantage was taken of it, and those who had bought in good faith and paid the duty contended that they were entitled to rebate. The treasury board considered it, and my recollection of the conclusion reached is that they had made a case for adjustment, and an adjustment was made. I cannot speak with clear recollection of that, but I do recall the story and I recall the release of that large quantity of United States Steel black sheets from Ojibway. They were galvanized at Hamilton. The question of the effect that sale had upon the distribution by General Steel Wares on the one hand and a certain plant on the other was a matter that was pressed upon us, and they showed us exact figures of the result of the sale of those goods at a rate of duty which was not the rate provided for when they entered this country, because they came in as raw material to be manufactured, and that was not done. I do not think there was any case such as this.

Mr. DUNNING: There were certainly no circumstances similar to these which now prevail. I concede that at once.

In (p) and (q) there is no change.

Item agreed to.

Customs tariff—387c. Steel grooved (or girder) rails for electric tramway use, weighing not less than 75 pounds per lineal yard, punched, drilled, or not, of shapes and lengths not made in Canada: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—388. Iron or steel angles, beams, channels, columns, girders, joists, tees, zees and other shapes or sections, not punched, drilled or further manufactured than hot rolled, weighing not less than 35 pounds per lineal yard, n.o.p.; piling of iron or steel, not punched or drilled, weighing not less than 35 pounds per lineal yard, including interlocking sections, if any, used therewith, n.o.p.: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—388b. Iron or steel angles, beams, channels, columns, girders, joists, tees, zees and other shapes or sections, not punched, drilled or further manufactured than hot rolled, n.o.p.; piling of iron or steel, not punched or drilled, including interlocking sections, if any, used therewith, n.o.p.: rate of duty, $4 per ton.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—388d. Iron or steel angles, beams, channels, columns, girders, joists, piling, tees, zees and other shapes or sections, punched, drilled or further manufactured than hot rolled or cast, n.o.p.: rate of duty, 20 per cent.

Mr. DUNNING: There is a reduction from 25 per cent to 20 per cent.

Mr. MacNICOL: We cannot get them in now anyway.

Item agreed to.

Customs tariff—388e. Iron or steel side or centre sill sections, of all sizes not manufactured in Canada, weighing not less than 35 pounds per lineal yard, not punched, drilled or further manufactured, when imported by manufacturers of railway cars, for use in their own factories: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—390c. Piston ring castings of steel, in the rough as from the moulds: rate of duty, free.

Mr. WARD: I referred to this question a few days ago. I am sorry the Minister of National Revenue is not in his seat. This is a matter which concerns greatly the mining and lumbering industry of Canada. About three months ago, on representations made by the Caterpillar Diesel Tractor Company of the United States the commissioner of customs gave a ruling which removed the 25 per cent duty levied on the importation of diesel engines. About three weeks ago, on representations made by the British trade commissioner, this ruling was cancelled. The information was given to me by men in the trade that this ruling was cancelled on representations by the Dominion Steel Company, which I believe is a branch of the great Dominion Bridge group, on the pretext that this firm was manufacturing diesel engines in Canada. May I point out that the United States company up to January of this year had manufactured some 22,000 or 23,000 diesel engines, which engines were admitted to Canada free of duty if they entered as part of a tractor.

The CHAIRMAN: I am sorry to interrupt the hon. member, but I think he is out of order in bringing this matter up under the present item.

Mr. WARD: Well, I am not sure there is going to be an opportunity to discuss it later.

Mr. DUNNING: There is an item under which it can be dealt with. It is 409m, and possibly the Minister of National Revenue will be here when we come to that.

Mr. WARD: There will be an opportuinty to discuss it then?

Mr. DUNNING: Under item 409m.

Mr. WARD: Will the Minister of National Revenue be in his seat then?

Mr. DUNNING: I cannot say. The hon. member can go and get him in the meantime.

Mr. WARD: Well, I shall defer my remarks until then.

Item agreed to.

Customs tariff—392. Forgings, of iron or steel, in any degree of manufacture, n.o.p.: rate of duty, 17½ per cent.

Mr. DUNNING: A reduction in rate from 20 per cent to 17½ per cent.

Item agreed to.

Customs tariff—ex 392, 392a. Forgings of iron or steel, in any degree of manufacture, hollow, machined or not, not less than 12 inches in internal diameter; and all other forgings, solid or otherwise, in any degree of manufacture, of a weight of 20 tons or over: rate of duty, free.

Mr. DUNNING: There is a combination there. There is a reduction on part of the item, on certain forgings.

Mr. MacNICOL: Does this item cover locomotive steel? I am not finding any fault; I just want to know whether each of them or

all of them collectively refer to steel forgings for the manufacture of locomotives or railroad work.

Mr. DUNNING: Not necessarily. My hon. friend will note the specifications—not less than 12 inches in internal diameter, and of a weight of 20 tons or over. The classification is pretty broad.

Item agreed to.

Customs tariff—393. Tires, of steel, in the rough, not drilled or machined in any way, for railway vehicles, including locomotives and tenders: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—ex 394. Axles and axle bars, n.o.p., and axle blanks, and parts thereof, of iron or steel:
(a) For railway vehicles, including locomotives and tenders: rate of duty, 7½ per cent.

Mr. DUNNING: There is a reduction from 10 per cent to 7½ per cent.

Item agreed to.

Customs tariff—396. Pipe, cast, of iron or steel, valued at not more than 5 cents per pound: rate of duty per ton, $5.

Mr. DUNNING: This is an old friend. There is a reduction in rate from $7 to $5 per ton.

Item agreed to.

Customs tariff—396a. Pipe, cast, of iron or steel, n.o.p.: rate of duty, free.

Mr. DUNNING: There is a reduction in rate from 5 per cent to free.

Item agreed to.

Customs tariff—ex 397. Pipes and tubes, of wrought iron or steel, plain or coated:
(c) Not joined, with plain ends, not more than 2½ inches in diameter, n.o.p.: rate of duty, 5 per cent.
(d) N.o.p.: rate of duty, 12½ per cent.

Mr. DUNNING: There is no change under (c); there is a reduction from 15 per cent to 12½ per cent under (d).

Item agreed to.

Customs tariff—ex 397(b), 398a. Pipes and tubes of iron or steel, seamless, cold drawn, plain ends, polished, valued at not less than 5 cents per pound; steel tubes, welded or seamless, more than 10½ inches in diameter, with plain ends, when imported for use exclusively in the manufacture or repair of rolls for paper making machinery: rate of duty, free.

Mr. DUNNING: This is a reduction on part of the previous item from 10 per cent to free.

Item agreed to.

Customs tariff—401. Wire, of iron or steel:
(a) Barbed fencing, coated or not: rate of duty, free.
(b) Twisted, braided or stranded, including wire rope or cable, coated or not, n.o.p.: rate of duty, 15 per cent.
(c) Drawn flat or cold rolled flat after drawing, coated or not, n.o.p., not more than ·25 inch in width and less than ·1875 inch in thickness: rate of duty, 7½ per cent.
(d) Coated with zinc or spelter, curved or not, in coils, ·144, ·104, or ·092 inch in diameter, with tolerance not to exceed ·004 inch, and not for use in telegraph or telephone lines, n.o.p.: rate of duty, free.
(e) Coated with zinc or spelter, n.o.p.: rate of duty, 10 per cent.
(f) Single or several, coated, n.o.p., or covered with any material, including cable so covered: rate of duty, 15 per cent.
(g) N.o.p.: rate of duty, 15 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—402a. Woven or welded wire fencing, of iron or steel, coated or not, n.o.p.; wire cloth or wire netting, of iron or steel, coated or not: rate of duty, 20 per cent.

Mr. DUNNING: There is a reduction from 25 per cent to 20 per cent.

Item agreed to.

Customs tariff—402b. Woven netting, of iron or steel, coated, made from wire of 17 gauge or heavier, with meshes not smaller than one inch and not larger than two inches, with specially strengthened joints, when for use exclusively on fur farms, under regulations prescribed by the minister: rate of duty, 12½ per cent.

Mr. DUNNING: There is a reduction from 15 per cent to 12½ per cent.

Mr. BENNETT: The 10 per cent discount on British production applies to a tax of 15 per cent and over, does it?

Mr. DUNNING: Not to 15 per cent; only when it is over 15 per cent.

Mr. BENNETT: I was uncertain whether it was over 15 per cent or on 15 per cent.

Mr. DUNNING: Not including 15 per cent.

Item agreed to.

Customs tariff—406. Coil chain, coil chain links, including repair links, and chain shackles, of iron or steel:
(a) One and one-eighth inches in diameter and over: rate of duty, free.
(b) Less than one and one-eighth inches in diameter: rate of duty, 15 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—407. Silent chain and finished roller chain, of iron or steel, and complete parts thereof, of a class or kind not made in Canada, n.o.p., either chain of the type which operates over gears or sprockets with machine cut teeth: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—407a. Chains, of iron or steel, n.o.p., and complete parts thereof: rate of duty, 15 per cent.

Mr. DUNNING: There is a reduction in rate on this item from 20 per cent to 15 per cent.

Mr. BENNETT: I should just like to point out that in reality when we deal with any of these items where the reduction is to 15 per cent or lower it is not fair to say there has been a reduction of 5 per cent. Twenty per cent less 10 per cent is 18 per cent, and the real reduction is not 5 per cent.

Mr. DUNNING: Effectively, wherever less than 15 per cent enters the picture, that is correct.

Mr. BENNETT: Wherever the rate is lowered to 15 per cent or less, and it was over 15 per cent, the effective reduction is the difference less 10 per cent.

Mr. DUNNING: That is right.

Item agreed to.

Customs tariff—408. Malleable sprocket chain and link belting chain of iron or steel, including roller chain of all kinds for operating on steel sprockets or gears, when imported by manufacturers of agricultural implements for use exclusively in the manufacture of agricultural implements, in their own factories, under regulations prescribed by the minister: rate of duty, free.

Mr. McDONALD (Souris): I notice that a great many parts for machinery are imported free, and I should like to know if the complete machine, the finished article, carries a duty. In that way the manufacturers are protected; they are permitted to get the parts free while there is a duty on the machine. Has the department taken any steps to see that the consumers are protected in that respect?

Mr. DUNNING: In the case of farm implements, which I know my hon. friend has in mind, while the duty against the United States is 7½ per cent generally, agricultural implements are free from Great Britain. This item of malleable sprocket chains and so forth has been free from Great Britain for many years, just as the machine itself is free.

Item agreed to.

Customs tariff—409. Cream separators and complete parts therefor, including steel bowls: rate of duty, free.

Mr. MacNICOL: Is there any change in this?

Mr. DUNNING: No; it is free entry bound.

Mr. BENNETT: There are considerable importations of cream separators into this country under the intermediate tariff. If one takes the trade returns and divides the number of machines into the valuation given it is apparent that there must be something wrong in the computation of the duty, because the price which is determined by dividing the number of importations from Sweden into the price received is so very low that the duty of 25 per cent added to it means nothing at all. It is difficult to understand but I think that matter properly belongs to the Minister of National Revenue, so I will deal with it at another time.

Mr. DUNNING: Sweden is the principal source, as my right hon. friend knows.

Mr. BENNETT: Quite so, though some come from England.

Item agreed to.

Customs tariff—409m. Internal combustion traction engines; traction attachments designed to become combined with automobiles in Canada for use as traction engines; complete parts of all the foregoing: rate of duty, free.

Mr. DUNNING: I believe the hon. member for Dauphin (Mr. Ward) desired to say something on this item.

Mr. WARD: Item 428e deals with diesel engines—

Mr. DUNNING: If my hon. friend desires to discuss diesel engines in particular he will have the opportunity under item 428e.

Mr. BENNETT: Of course under this item internal combustion engines are free across the board.

Mr. WARD: I am sorry the Minister of National Revenue is not here, because it seems to me the matter to which I am going to refer reflects directly upon his department and the officials in charge of that department. I am not going to go over what I said in this house previously, but I should like to point out that on investigation—and I have this from a reliable source—it can be proved that the firm that applied for the cancellation of the ruling that permitted these engines to enter free of duty have manufactured only one diesel engine in Canada. I

am informed that this engine has not been sold and is not likely to be sold. Surely the commissioner of customs and his officials ought to investigate thoroughly matters of this kind before taking this action. The person who gave me this information informs me that in many cases where a dumping duty is applied, if I may refer to that for a moment, and where information is supposed to be gathered in the country of origin, no such information is gathered at all. These values are really set either by reference to an interested manufacturer in Canada or by a decision on the part of an official in one of the larger customs houses along the border. That is why I thought I should like the Minister of National Revenue to be here, because it seems to me it is time a little purging was done in that department in order to get rid of some of the trade exclusionists who disgrace it. It does seem too bad that we should sit here in parliament; the Minister of Finance should bring down his budget containing certain tariff items and this house should pass the resolutions, only to have the intent of the minister entirely defeated by the actions of some officials of the customs department. The time is coming when there must be a showdown on this question. If a commissioner of customs can cancel a ruling, really on the say-so of some interested person in Canada who has manufactured only one engine, which has not been sold and is not suitable to the Canadian trade, surely there is need for an investigation.

Item agreed to.

Customs tariff—410b. Machinery and apparatus for use exclusively in washing or dry cleaning coal at coal mines or coke plants; machinery and apparatus for use exclusively in producing coke and gas; machinery and apparatus for use exclusively in the distillation or recovery of products from coal tar or gas; and complete parts of all the foregoing, not to include motive power, tanks for gas, nor pipes and valves 10½ inches or less in diameter: rate of duty, free.

Mr. DUNNING: There is a reduction in rate from 7½ to free.

Item agreed to.

Customs tariff—410l. Ore crushers, rock crushers, stamp mills, grinding mills, rock drills, percussion coal cutters, coal augers, rotary coal drills, n.o.p., and complete parts of all the foregoing, for use exclusively in mining, metallurgical or quarrying operations: rate of duty, 5 per cent.

Mr. MacNICOL: Are we importing any considerable quantities under this item?

Mr. DUNNING: I have the details. The imports total $582,000 worth of ore and rock crushers; $5,200 worth of percussion coal cutters, coal augers and drills, and $527,000 worth of rock drills n.o.p., comprised within the item.

Item agreed to.

Customs tariff—410n. Diamond drills and core drills, not including motive power, electrically operated rotary coal drills, and coal cutting machines, n.o.p., and integral parts of the foregoing, for use exclusively in mining operations: rate of duty, free.

Item agreed to.

Customs tariff—410u. Blowers of iron or steel, n.o.p., for use in the smelting of ores, or in reduction, separation or refining of metals, ores or minerals; rotary kilns, revolving roasters and furnaces of metal, n.o.p., for use in the roasting of ore, mineral, rock or clay; furnace slag trucks and slag pots, n.o.p.; and integral parts of all the foregoing: rate of duty, 12½ per cent.

Mr. DUNNING: There is a reduction from 15 per cent to 12½ per cent.

Item agreed to.

Customs tariff—410z. Machinery and apparatus, n.o.p., and complete parts thereof, for the recovery of solid or liquid particles from flue or other waste gases at metallurgical or industrial plants, not to include motive power, tanks for gas, nor pipes and valves 10½ inches or less in diameter: rate of duty, five per cent.

Mr. DUNNING: There is a reduction in rate from 7½ per cent to 5 per cent.

Item agreed to.

Customs tariff—412b. Flat bed cylinder printing presses, to print sheets of a size 25 by 38 inches or larger, and complete parts thereof; machines designed to fold or sheet-feed paper or cardboard, and complete parts thereof: rate of duty, free.

Item agreed to.

Customs tariff—412d. Offset presses; lithographic presses; printing presses and type-making accessories therefor, n.o.p.; complete parts of the foregoing, not to include saws, knives and motive power: rate of duty, free.

Item agreed to.

Customs tariff—412b. Flat bed cylinder plete parts thereof: rate of duty, free.

Item agreed to.

Customs tariff—414c. Adding, bookkeeping, calculating and invoicing machines and complete parts thereof, n.o.p.: rate of duty, free.

Mr. DUNNING: There is a reduction in rate from 15 per cent to free.

Mr. BENNETT: Are we doing any assembling of these machines in Canada? Is there any production of them?

Mr. DUNNING: I have the figures for 1934 for adding, bookkeeping, and calculating machines, cash registers, and so on—$2,886,000. Last year we exported $322,000 worth.

Mr. BENNETT: Was that assembled material, or machines produced in Canada?

Mr. DUNNING: The imports would give some indication. The total imports were valued at $892,000, of which $876,000 came from the United States, I have not any record of the assembling.

Mr. BENNETT: I looked into the matter once, and found that we were doing a substantial amount of assembling. Whether or not we are now producing, I do not know.

Mr. DUNNING: Of course these exports must qualify for British content to the extent of fifty per cent.

Mr. BENNETT: As the minister is aware, the labour in connection with the item is very high.

Mr. DUNNING: Yes. The fact that we export to the United Kingdom, Australia, Sweden and to a small extent to the United States, would indicate that there is a high proportion of British content which, as my right hon. friend suggests, would be chiefly labour.

Mr. BENNETT: I think so, yes.

Item agreed to.

Customs tariff—415. Electric vacuum cleaners and attachments therefor; hand vacuum cleaners; and complete parts of all the foregoing, including suction hose, n.o.p.: rate of duty, 5 per cent.

Mr. DUNNING: There is a reduction from 12½ per cent to five per cent.

Item agreed to.

Customs tariff—415d. Sewing machines, with or without motive power incorporated therein; complete parts of sewing machines: rate of duty, 5 per cent.

Mr. MacNICOL: One moment, Mr. Chairman; we are getting along very nicely, and I do not wish to hold up the committee; as a matter of fact I want to help the minister all I can. I interpret the trade return to read that during 1936 more than 5,000 sewing machines were imported from Great Britain and about 8,000 from the United States.

Mr. DUNNING: The hon. member's figures are not quite correct. The total imports were 11,500 from all sources, valued at $452,000. My figures are for the fiscal year, whereas I believe the hon. member's are for the calendar year. Of these machines 6,400 came from the United States, 4,800 from the United Kingdom and 300 from Germany. Sewing machine parts were imported to the value of $237,000, and we exported $1,500,000 worth of sewing machines and parts. The Canadian production was exported to Brazil, the Argentine, Jamaica and a small amount to the United States and the United Kingdom.

Mr. MacNICOL: As a Canadian I am proud of the sewing machine plant at St. Johns, Quebec. The item indicates a cut of fifty per cent in the rate of duty, and I have been wondering if it would be beneficial or detrimental to employment in the city I have named. I know that we export two or three times as many as we import. This is a business which Canadians have been trying to foster, and I trust the decrease in the item will not materially affect employment in it.

Mr. DUNNING: Generally speaking this industry is an example of that unusual thing, a monopoly concerning which there is very little complaint from any source, either from customers or from the labour engaged in it. I assure the hon. member he need have no fear about the industry not being able to take care of itself.

Mr. MacNICOL: I should imagine a monopoly would not be opposed to closing a plant. I trust there will be no such result in connection with the manufacture of sewing machines in Canada.

Mr. DUNNING: So far as anything is certain in this uncertain world, I can assure the hon. member that it will not have that result.

Item agreed to.

Customs tariff—422. Street or road rollers and complete parts thereof: rate of duty, free.

Mr. DUNNING: There is a reduction from 10 per cent to free.

Item agreed to.

Customs tariff—424. Fire engines and other fire extinguishing machines; chassis for same; complete parts other than chassis parts: rate of duty, free.

Item agreed to.

Customs tariff—425. Lawn mowers: rate of duty, 10 per cent.

Mr. DUNNING: There is a reduction from 20 per cent to 10 per cent.

Mr. MacNICOL: How many do we import from Great Britain?

Mr. DUNNING: We imported 2,500 lawn mowers valued at $40,400, of which 2,100, valued at $34,300, came from the United States, and 375, valued at $6,100, from the United Kingdom. The more expensive and higher capacity machines came from Great Britain. We exported 4,600 machines, or nearly twice as many as we imported, 1,200 of which went to the United Kingdom and the balance to Australia and New Zealand. We shipped one lawn mower to the United States. Our exports were valued at $6,950. In 1934, the last figures I have our production amounted to 27,700 machines, valued at $171,000.

Mr. MacNICOL: Principally at Guelph?

Mr. DUNNING: Brockville and Guelph, I believe.

Mr. GLADSTONE: One of the largest manufacturers of lawn mowers in Canada is located in Guelph. They are at a loss to understand why at this time there should be a reduction of fifty per cent. They are required to import the special material they use because it cannot be made in Canada, and are now very anxious to know whether they can get some relief in connection with that imported material, the charges on which run at the rate of $4 per ton. Will the minister give some consideration to this matter?

Mr. DUNNING: From the figures I gave it is apparent that so far as the ordinary hand lawn mower is concerned, the Canadian industry is quite capable of taking care of itself. The British negotiators of the agreement were more particularly interested in the heavy power-driven machines. I shall be glad to consider any request for easement in the duties on raw materials used by any concern which believes it is at a disadvantage by reason of paying duties considered to be out of all proportion.

Mr. MacNICOL: The hon. member for Wellington South (Mr. Gladstone) has demonstrated what happens when tariffs are cut generally. The manufacturer of one product protests against the treatment given to the manufacturer of another product, and asks the minister to lower the duties on the materials he uses.

Mr. DUNNING: When the process is started at the top it is quite easy to reduce all along the line, but the procedure is more difficult when you start at the bottom. At times it involves a geometric increase all along the line.

Mr. BARBER: Does the three per cent excise tax apply to any of these items?

Mr. DUNNING: No.

[Mr. MacNicol.]

Mr. GLADSTONE: I have never found the price of lawn mowers to be exorbitant. I have told the manufacturers in Guelph that they may expect some compensation because of the changes being made by the Canada-United States and Canada-United Kingdom agreements. The markets for our natural products are being widened and as a result the people of this country will have a greater purchasing power.

Item agreed to.

Customs tariff—427. All machinery composed wholly or in part of iron or steel, n.o.p., and complete parts thereof: rate of duty, 10 per cent.

Mr. DUNNING: No change.

Mr. CHURCH: Mr. Chairman, I should like to refer to a matter which I have taken up with the customs department and the Department of Finance concerning the interpretation by customs of some items. It is all very well for us to pass these items as proposed by the Department of Finance, but we find that everything is quite different when we go over to the customs department to get an interpretation of the items. The small manufacturer in Canada is being discriminated against. I have in mind particularly small plants engaged in doing mechanical work for dentists and doctors and melting gold and platinum alloys and doing research work therein. Some of these plants are located at Fort Erie, Windsor and other points along the border. Because of a ruling of the department these plants are being almost driven out of business. Why? Because of the interpretation placed upon this item by the customs department. This same material can be imported free of duty from the United States, but the furnace with which it is manufactured must pay a duty of 15 to 35 per cent to enter Canada, plus a sales tax of eight per cent and an excise tax of three per cent. The result is that the doctors and dentists and refining and melting work go to Buffalo or Detroit to have their work done, which work can be brought into Canada free of duty. These furnaces should come in free because they can't be got in Canada, for the melting of gold and platinum alloys.

I do not want to detain the committee but I think the position of these small manufacturers should be made clear. We should try to keep this work in Canada and give the small man here a chance. A furnace of the type used by the people to whom I refer can be used for only one purpose, that is, the melting of metal. If it is imported by a mining company it is allowed to come in duty free, but when it is imported by these

small manufacturers it has to pay a duty of from 15 to 35 per cent, plus sales and excise tax. As I understand it, these furnaces will come under item 427a as not capable of being manufactured in Canada. One of these companies found that they needed a new type furnace, but because of the ruling of the department they were unable to get one. The Encyclopaedia Britannica gives the following definition for a worker in metal:

> The art of extracting metals from their ores, refining them and preparing them for use, includes various processes as smelting, amalgamation, electrolytic refining, rolling and heat treating. It also applies to the structure of metals and alloys, to their constitution and its relation to their physical properties and to the thermal and mechanical treatment of metals.

Much of this work is being done in Buffalo, Rochester, Detroit and other cities along the great lakes, that should be done in Canada. I believe in Canada for the Canadians and our own work for our own workmen. This dental and other mechanical work should be done in Canada. I do not say that this is the fault of the minister because I know he is most sympathetic to the small manufacturers. I think the real fault lies with the customs officials who know very little about this metallurgy refining work and who place a duty of 15 to 35 per cent, plus 8 per cent sales tax, plus 3 per cent excise tax, against an article very necessary to these small Canadian manufacturers. I was over in Buffalo and other border cities a short time ago and I saw a company of this type employing more than one hundred men. They are getting a lot of work from Canada as a result of the unfair and unjust interpretation placed upon these items. These small plants are being forced to nearly close up and men are losing their jobs. They can go to Buffalo in fifteen or twenty minutes and have their work done there. I know the minister is most sympathetic to these matters, and I wish he would look into this particular case with the national revenue heads. These interpretations we allow another body to make are simply driving the small man out of business.

Mr. DUNNING: I should be very glad to bring the hon. member's remarks to the attention of the Minister of National Revenue (Mr. Ilsley). If it is possible to do anything helpful, I am sure—

Mr. SPENCE: That is all the good it will do.

Item agreed to.

Customs tariff—ex 427, ex 446a, et al. Motion picture projectors, arc lamps for motion picture work, motion picture or theatrical spot lights, light effect machines, motion picture screens, portable motion picture projectors complete with sound equipment; complete parts of all the foregoing, not to include electric light bulbs, tubes, or exciter lamps: rate of duty, free.

Mr. DUNNING: A reduction in rate from ten per cent to free. It is a combination of two items.

Mr. BENNETT: Do we get any motion picture projectors from Great Britain?

Mr. DUNNING: A very small amount, four or five hundred dollars' worth.

Mr. LENNARD: Is this change made upon a request from motion picture interests in Canada, or is it a concession to interests in the old country?

Mr. DUNNING: It was asked for from British Columbia—that is one place I remember quite distinctly; of course it was also asked for during the negotiations, by the British. Practically all of the apparatus included in this item is of a class or kind not made in Canada. There is a production here of certain pieces of motion picture apparatus, but it is very small.

Mr. LENNARD: I wondered whether this was a request from Famous Players?

Mr. DUNNING: No.

Mr. BENNETT: My figures show we got $23,568 worth of such machines from the United States and $425 of imports from England last year.

Mr. DUNNING: That is right. I quoted just the British figure.

Mr. BENNETT: And $1,200 worth from Austria. The preference does not seem to be of much service.

Item agreed to.

Customs tariff—427a. All machinery composed wholly or in part of iron or steel, n.o.p., of a class or kind not made in Canada; complete parts of the foregoing: rate of duty, free.

Mr. BENNETT: That was in the budget of 1936.

Mr. DUNNING: It is just binding free entry.

Item agreed to.

Customs tariff—427b. Ball and roller bearings: rate of duty, free.

Mr. DUNNING: A reduction in rate from five per cent to free.

Mr. MacNICOL: Is there any plant in Canada now making ball bearings? There used to be some plants.

Mr. DUNNING: There is not sufficient production for statistical purposes.

Mr. MacNICOL: It is all under one group, anyway.

Mr. DUNNING: That is to say, there are not three concerns manufacturing, and hence we have not a duty. We imported last year $735,000 worth of ball and roller bearings, of which $474,000 came from the United States, $169,000 from Sweden, and only $80,000 from Great Britain. This will give Great Britain a better opportunity.

Mr. ROSS (Moose Jaw): Here is another respect in which the customs department has been operating in the way an hon. member referred to. I do not think that on this account we should hold up the Minister of Finance on his budget items, but we should all get ready for action when the revenue department's estimates come up.

Mr. DUNNING: Order. The hon. member is encouraging insubordination!

Mr. BENNETT: Highly irregular.

Item agreed to.

Customs tariff—427c. Machinery for dairying purposes, viz:—power churns, power milk coolers, power fillers and cappers, power ice cream mixers, power butter printers, power cream savers, power bottle sterilizers, power brine tanks, power milk bottle washers, power milk can washers; ice-breaking machines, valveless or centrifugal milk pumps, sanitary milk and cream vats; none of the foregoing machinery to include motive power: rate of duty, free.

Mr. DUNNING: No change

Mr. MacNICOL: What was the particular reason for the last phrase in the item, "to include motive power." In some of the items, I notice motive power is excluded.

Mr. DUNNING: There is no change in either the wording of the item or the rate. It was precisely the same under the 1932 agreement, and as far as I know is not working any hardship.

Mr. MacNICOL: Would not Canadian motive power operate all these machines?

Mr. DUNNING: I could not say as to that.

Mr. ROSS (Moose Jaw): Do the parts for these machines come in free?

Mr. DUNNING: The parts do not enter under this item. They will come in under various items, dependent upon their composition. With reference to the question of the hon. member for Davenport (Mr. MacNicol) I should call his attention to the fact that he has misread the item.

[Mr. MacNicol.]

Mr. BENNETT: It does not include the motive power.

Mr. DUNNING: No; it does not include the motive power.

Mr. MacNICOL: Pardon me, the minister is right. I should have read, "none of the foregoing machinery to include motive power."

Item agreed to.

Customs tariff—427d. Machines designed for making rigid composite box-ends of wood—consisting of a centre with separate nailing edges attached—from scrap or waste mill stock, and complete parts thereof, not to include motive power: rate of duty, free.

Mr. DUNNING: There is no change.

Item agreed to.

Customs tariff—427e. Automatic machines for making and packaging cigarettes, not to include tobacco preparing machines: rate of duty, free.

Item agreed to.

Customs tariff—428d. Magnetos and complete parts thereof when imported by manufacturers of internal combustion engines, for use exclusively in the manufacture of such internal combustion engines, in their own factories: rate of duty, free.

Item agreed to.

Customs tariff—428e. Diesel and semi-diesel engines, and complete parts thereof, n.o.p.: rate of duty, free.

Item agreed to.

Customs tariff—428f. Air-cooled internal combustion engines of not greater than 1½ h.p. rating, and complete parts thereof: rate of duty, free.

Item agreed to.

Customs tariff—ex 429. Cutlery of iron or steel, plated or not:

(b) Table knives and table forks: rate of duty, 15 per cent.

(c) Penknives, jack-knives and pocket knives of all kinds: rate of duty, free.

(d) Knives, n.o.p.: rate of duty, free.

(e) Spoons: rate of duty, 15 per cent.

(f) Scissors and shears, n.o.p.: rate of duty, free.

(g) Razor blades; razors and complete parts thereof: rate of duty, free.

Mr. DUNNING: There is no change.

Item agreed to.

Customs tariff—430. Nuts and bolts with or without threads, washers, rivets, of iron or steel, coated or not, n.o.p., nut and bolt blanks, of iron or steel: rate of duty per one hundred pounds, 25 cents and 7½ per cent.

Mr. DUNNING: There is a reduction in rates here—

Mr. STIRLING: A big one.

Mr. DUNNING: —from fifty cents and ten per cent to twenty-five cents and 7½ per cent. Our imports were 27,000 hundredweight valued at $360,000, of which 26,000 hundredweight came from the United States and the balance from the United Kingdom. But we exported 45,000 hundredweight valued at $270,000, of which 34,000 hundredweight went to the United Kingdom. We export more bolts and nuts to the United Kingdom than we import from there; $190,000 worth went to the United Kingdom.

Item agreed to.

Customs tariff—430a. Hinges and butts, of iron or steel, coated or not, n.o.p.; hinge and butt blanks of iron or steel: rate of duty per one hundred pounds, 75 cents and 5 per cent.

Mr. DUNNING: This is a reduction in rate. The present rate is 75 cents per hundredweight plus ten per cent ad valorem; the new rate is 75 cents and 5 per cent ad valorem.

Mr. BENNETT: Merely a change of 5 per cent ad valorem.

Item agreed to.

Customs tariff—ex 431b. Adzes, anvils, vises, cleavers, hatchets, saws, augers, bits, drills, screw-drivers, planes, spokeshaves, chisels, mallets, metal wedges, wrenches, sledges, hammers, crowbars, cantdogs, and track tools, picks, mattocks, and eyes or polls for the same: rate of duty, 10 per cent.

Mr. DUNNING: There is no change.

Mr. MacNICOL: I do not wish to miss an opportunity when I can find one of congratulating the minister, and I must compliment him on this item because of all this long list this item was carefully picked out to remain as it is, and I am in accord with his action. It does protect that nice plant down in Brockville of which the directors were and perhaps are yet Mr. Graham and Mr. Edwards and Mr. Fulford. I recall last year this item was carefully protected. I wish the minister would exercise the same care with reference to some other items and leave the rates of duty as they are.

Mr. DUNNING: These congratulations, Mr. Chairman, are somewhat equivocal. I was unaware of the directorate of the plant to which my hon. friend has referred, but I do know that the largest producer who ever talked to me about this matter was the Hon. J. D. Chaplin, and he had every right to talk about it because he had a big business. I should not have mentioned his name in connection with it but for the delicate allusions of the hon. member for Davenport (Mr. MacNicol).

Item agreed to.

Customs tariff—ex 431b. Files and rasps: rate of duty, free.

Mr. DUNNING: There is a reduction here, Mr. Chairman.

Mr. MacNICOL: It places it right on the free list. I was wondering if this would affect the plant at Port Hope which makes files. I do not know offhand.

Mr. DUNNING: We have had no complaints.

Item agreed to.

Customs tariff—431c. Machinists' or metal workers' precision tools and measuring instruments, viz:—calipers, micrometers, metal protractors and squares, bevels, verniers, gauges, gauge blocks, parallels, buttons, mercury plumb bobs, dividers, trammels, scribers, centre punches, pocket speed indicators, straight edges, key seat clamps and other clamps and vises used by toolmakers for precision work, precision tools and measuring instruments, n.o.p.: rate of duty, free.

Item agreed to.

Customs tariff—431d. Engineers', surveyors' and draughtsmen's precision instruments and apparatus, viz:— alidades; altazimuth surveying instruments; aneroid barometers, engineering, military and surveying; angle prisms; boards, military sketching; box sextants; clinometers; compasses; cross staff heads; curves, adustable, irregular, railroad and ship; curvimeters; drafting instruments of all kinds, including fitted cases containing the same; dipping needles; drafting machines; heliographs; integrators; levels, tripod and hand or pocket types; levelling rods; liners, section; meters, portable, for hydraulic engineering; pantographs; planimeters; protractors; parallel rulers; parallel ruling attachments; poles, ranging; pedometers and paceometers; plane tables, military and topographic scales, flat and triangular; slide rules; splines; straight edges, steel and wooden; tacheometers; tallying machines, pocket; tee squares, steel and wooden; telemeters; theodolites; transits, tripod and hand or pocket types; triangles of all types; tripods for use with any of the foregoing instruments: rate of duty, free.

Mr. DUNNING: There is no change.

Mr. WERMENLINGER: What is the value of these instruments imported from the United Kingdom?

Mr. DUNNING: The imports include both (c) and (d). In the import classification machinists' precision tools are included with engineers', surveyors', and draftsmen's precision instruments. The imports reported

amount to $98,000 of which $68,000 came from the United States and $16,000 from the United Kingdom. That covers the two items.

Mr. WERMENLINGER: There is a difference between (c) and (d).

Mr. DUNNING: Yes.

Mr. WERMENLINGER: I cannot take time to read 431d but apparently it covers the most important instruments that have been used in our civilization in both geographical and hydrographical developments. There is an important difference from the national standpoint between 431c and 431d. What is the value of these instruments from the United Kingdom as compared with Germany or Austria?

Mr. DUNNING: I am sorry, but the trade statistics do not separately classify items 431c and 431d. The imports from Germany under these combined items were $13,000.

Mr. WERMENLINGER: Could we have that information at a later date?

Mr. DUNNING: The items were separated in the last budget so that the trade statistics from now on will classify the figures separately and it will be possible next year to give that information. At present the items in the trade statistics are combined.

Mr. WERMENLINGER: This is my unlucky day; I am to get everything next year.

Item agreed to.

Customs tariff—431e. Measuring rules and tapes of all kinds: rate of duty, 15 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—432. Hollow-ware, of iron or steel, coated or not, n.o.p.: rate of duty, 10 per cent.

Mr. DUNNING: The reduction in rate is from 20 per cent. The total imports were $33,750, of which $30,000 came from the United States and the rest from the United Kingdom. The exports are not separately listed in the trade returns. In 1932, which is the last record we have, the production was $67,800.

Item agreed to.

Customs tariff—432a. Kitchen and dairy hollow-ware of iron or steel, coated with tin, including cans for shipping milk or cream, not painted, japanned, or decorated: rate of duty, 15 per cent.

Mr. DUNNING: The reduction is from 20 per cent. Imports were $34,000, of which $25,000 came from the United States and the rest from the United Kingdom.

Item agreed to.

[Mr. Dunning.]

Customs tariff—432b. Hollow-ware, of iron or steel, coated with vitreous enamel: rate of duty, 17½ per cent.

Mr. MacNICOL: What were the imports from the United States in 1936?

Mr. DUNNING: The total imports were $190,000, of which $91,000 came from the United States, $71,000 from Great Britain, and $15,000 from Germany. Our exports are not listed separately in the trade returns. Our manufactures of kitchen ware coated with vitreous enamel were just over a million dollars in 1934.

Item agreed to.

Customs tariff—432d. Manufactures of tinplate, painted, japanned, decorated or not, and manufactures of tin, n.o.p.: rate of duty, 15 per cent.

Mr. DUNNING: The reduction in rate is from 20 to 15 per cent. The imports were $360,000, of which $317,000 came from the United States and $34,000 from the United Kingdom. The total production in the last year of record is $582,000.

Item agreed to.

Customs tariff—ex 432d, ex 339. Collapsible tubes of lead or tin, or lead coated with tin: rate of duty, 10 per cent.

Mr. DUNNING: This is a new item representing a reduction in rate. Up to the present time these tubes, if wholly of lead, have been subject to 20 per cent from Great Britain, and if of lead and tin have been at the same rate under another item. The new rate proposed is 10 per cent. The imports were $51,700, of which $38,000 came from the United States and $13,500 from the United Kingdom.

Item agreed to.

Customs tariff—433. Baths, bathtubs, basins, closets, lavatories, urinals, sinks, and laundry tubs of iron or steel, coated or not: rate of duty, 5 per cent.

Mr. DUNNING: The reduction is from 10 per cent. The imports from the United States are slightly over $40,000.

Item agreed to.

Customs tariff—ex 434, ex 434a. Motor rail cars or units for use on railways and chassis for same; complete parts of the foregoing: rate of duty, free.

Mr. DUNNING: This involves, partly, a reduction in rate from 15 per cent to free. The item is a new one to cover motor rail cars or units for use on railways and chassis or complete parts thereof. Up to the present time rail cars or rail units have been dutiable

under item 434, but under the budget of 1935 chassis for such rail cars or units were granted free entry under the British preferential tariff. The item now under discussion goes further in that it makes the complete unit free when imported from the United Kingdom.

Item agreed to.

Customs tariff—434b, ex 438. Steel wheels for use on railway rolling stock: rate of duty, 7½ per cent.

Mr. DUNNING: The reduction is from 15 to 7½ per cent on part of the item; there is no change in the rest. Under the budget of 1935 pressed steel wheels for use on railway rolling stock were guaranteed a rate of 7½ per cent from Britain, and all other wheels remained dutiable under 434 at the rate of 15 per cent from Britain.

Item agreed to.

Customs tariff—ex 435. Locomotives and motor cars for railways, of a class or kind not made in Canada, and complete parts thereof, for use exclusively in mining or metallurgical operations: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—ex 438a. Automobiles and motor vehicles of all kinds, n.o.p.; chassis for the foregoing: rate of duty, free.

Provided, that machines or other articles mounted on the foregoing or attached thereto for purposes other than for loading or unloading the vehicle shall be valued separately and duty assessed under the tariff items regularly applicable thereto.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—ex 438, ex 438a, ex 711. Electric trackless trolley buses and chassis for same; complete parts of the foregoing: rate of duty, free.

Mr. DUNNING: The reduction is intended to bring the item to date so as to include trackless trolley buses, a form of transport which may conceivably have a wide use in Canada in the future. The rate previously was 15 per cent, and it will be made free.

Item agreed to.

Customs tariff—438b. Bearings, clutch release; bearings, graphite; bearings, steel backed non-ferrous; bushings, graphited or oil impregnated; ceramic insulator spark plug cores, not further manufactured than burned and glazed, printed or decorated or not, without fittings; commutator copper segments; commutator insulating end rings; discs of hot rolled steel, spun or forged, with or without centre hole, for disc wheels; distributor rotors, cam assemblies and vacuum control assemblies; door bumper shoes; electric wiring terminals, sockets, fittings and connectors; gaskets of metal and asbestos, composite; ignition contact points; keys for shafting; lenses for head, tail, dome, signal and cowl or parking lamps; lock washers; piston ring castings in the rough, with or without gates and fins removed; steel bolts capped with stainless steel; switches for lamps, and parts thereof; vulcanized fibre in sheets, rods, strips and tubing; all the foregoing being of a class or kind not made in Canada, when for use in the manufacture of the automobiles, motor vehicles or chassis enumerated in tariff items 438a and 424, or for use in the manufacture of parts thereof, or for the replacement or repair of automobiles, motor vehicles or chassis enumerated in tariff items 438a and 424: rate of duty, free.

Mr. DUNNING: Items 438b to 438h inclusive are without change.

Item agreed to.

Customs tariff—438c. Ammeters; arm rests and wheel housing lining of indurated fibre, pressed to shape; axle housings, one piece welded, machined or not; carburetors and parts thereof; chassis frames; cigar and cigarette lighters, including base and parts thereof; control ventilator gear box; cylinder lock barrels, with or without sleeves and keys thereof; dash heat indicators; fuel pumps and parts thereof; gasoline gauges and parts thereof; hinges, finished or not, for bodies; horns and parts thereof; instrument bezel assemblies and parts thereof; instrument board lamps; locks, electric ignition, steering gear, transmission, or combinations of such locks, and parts thereof; mouldings of metal, with nails set in position, lead filled or not; oil filters and parts thereof; oil gauges and parts thereof; pipe lines, bent to shape and equipped with fittings or not, and tubing therefor, for fuel, air, or liquid for actuating hydraulic brakes; purifiers for air, and parts thereof; purifiers for oil and parts thereof; radiator grills, assembled or not, but not polished or plated, and not to include finish or decorative moulding; radiator ornaments, unplated; radiator shutter assemblies, automatic; radiator water gauges; radiator shells, not plated, nor metal finished in any degree; shackles, bearing spring and parts thereof; speedometers and parts thereof; spring covers of metal and closing strips or shapes therefor; stampings, body, cowl, hood, fender and instrument board, of metal, in the rough, trimmed or not, but not metal finished in any degree; starter switch assembly and parts thereof; steering wheels, and rims therefor; sun visor blanks of gypsum weatherboard; thermostats and parts thereof; throttle and spark buttons assemblies; vacuum tanks; windshield wipers and parts thereof; all the foregoing being of a class or kind not made in Canada, when imported for use in the manufacture of the automobiles, motor vehicles or chassis enumerated in tariff items 438a and 424 or for use in the manufacture of parts thereof, or for the replacement or repair of automobiles, motor vehicles or chassis enumerated in tariff items 438a and 424: rate of duty, free.

Item agreed to.

Customs tariff—438d. Front and rear axles; brakes; clutches; internal combustion engines; steering gears; magnetos; rims for pneumatic tires larger than thirty inches by five inches; transmission assemblies; steel road wheels; and complete parts of the foregoing, all of a class or kind not made in Canada, when imported by manufacturers of automobiles, motor vehicles or chassis enumerated in tariff items 438a and 424 for use only in the manufacture of motor trucks or motor truck chassis: rate of duty, free.

Item agreed to.

Customs tariff—438e. Parts, n.o.p., for automobiles, motor vehicles or chassis enumerated in tariff items 438a and 424, not to include wireless receiving sets, die castings of zinc, electric storage batteries, parts of wood, tires and tubes or parts of which the component material of chief value is rubber:

(1) Brake linings, and clutch facings whether or not including metallic wires or threads:

(a) when made from crude asbestos of empire origin: rate of duty, free.

(b) when made from crude asbestos of non-empire origin: rate of duty, 15 per cent.

(2) Automobile and motor vehicle engines, stripped, n.o.p., and complete parts thereof, n.o.p.: rate of duty, free.

(3) Parts, n.o.p., not electro-plated, whether finished or not: rate of duty, free.

Item agreed to.

Customs tariff—438f. Hot rolled strip of iron or steel with rolled or mill edge, not being of greater value than 2⅝ cents per pound, of a class or kind not made in Canada, when imported by manufacturers of automobiles, motor vehicles or chassis enumerated in tariff items 438a and 424 or by manufacturers of parts of automobiles, motor vehicles or chassis enumerated in tariff items 438a and 424 to be used in the manufacture of such automobiles, motor vehicles or chassis, or parts thereof, in their own factories: rate of duty, free.

Item agreed to.

Customs tariff—438g. Motor cycles or side cars therefor, and complete parts of the foregoing: rate of duty, free.

Item agreed to.

Customs tariff—438h. Annular ball bearings and parts thereof, when imported for use only as original equipment in the manufacture of goods enumerated in tariff items 438a and 424, under regulations prescribed by the minister: rate of duty, free.

Item agreed to.

Customs tariff—439f. Children's carriages, sleds, and other vehicles; complete parts of all the foregoing: rate of duty, 15 per cent.

Mr. DUNNING: The reduction is from 22½ per cent.

Mr. HEAPS: What were the imports.

[Mr. Dunning.]

Mr. DUNNING: There were 9,600 units valued at $49,200, of which 8,700 units, valued at $37,400, came from the United Kingdom. The United Kingdom now has the principal part of the trade in carriages. As regards sleds and other vehicles and parts comprised within the item the situation is reversed. We imported $37,950 worth of which $33,800 came from the United States.

Mr. HEAPS: Has the minister the production in Canada of a similar class of goods?

Mr. DUNNING: In 1935, baby carriages and sleighs, $302,000; children's vehicles and parts, $496,000; children's sleighs, $91,000.

Mr. BENNETT: We export some, do we not?

Mr. DUNNING: They are not separately listed in the trade returns.

Item agreed to.

Customs tariff—440j. Trawls, trawling spoons, fly hooks, sinkers, swivels, sportsmen's fishing reels, bait, hooks, and fishing tackle, n.o.p.: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—440l. Aircraft and complete parts thereof, not including engines, under regulations prescribed by the minister: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—440m. Engines and complete parts thereof, when imported for use only in the equipment of aircraft: rate of duty, free.

Mr. DUNNING: A reduction in rate from 10 per cent to free. Our imports last year were $199,000, of which $99,000 came from the United States and $98,000 from the United Kingdom.

Mr. BENNETT: And we are not making any.

Mr. DUNNING: No, only assembling them, and this is to facilitate assembling.

Mr. BENNETT: It was only a revenue tariff.

Item agreed to.

Customs tariff—440n. Complete parts for repair of engines enumerated in tariff item 440m: rate of duty, free.

Item agreed to.

Customs tariff—441e. Guns and rifles of a class or kind not made in Canada: rate of duty, 5 per cent.

Mr. DUNNING: No change.

Item agreed to.

Mr. THORSON: Might I ask the minister to go back to item 409, cream separators? I should like to ask some questions.

Mr. DUNNING: I am in the hands of the committee. I am not unwilling.

Some hon. MEMBERS: No.

The CHAIRMAN: The hon. member of course is out of order.

Mr. THORSON: I quite appreciate that, but with the leave of the committee, I should like to ask some questions.

The CHAIRMAN: I am in the hands of the committee.

Some hon. MEMBERS: We passed that.

Customs tariff—445c. (i) electric telegraph apparatus and complete parts thereof: rate of duty, free.
(ii) electric telephone apparatus and complete parts thereof: rate of duty, 10 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—445d. Electric wireless or radio apparatus and complete parts thereof: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—445f. Electric dynamos or generators and transformers, and complete parts thereof, n.o.p.: rate of duty, 15 per cent.

Mr. DUNNING: A reduction in rate from 25 to 15 per cent. The imports of dynamos or generators and parts amounted to $284,000, of which $209,000 came from the United States and $65,000 from the United Kingdom; transformers and parts, imports $81,000, of which $65,000 came from the United States and $15,000 from the United Kingdom.

We exported $223,000 worth of the articles covered by this item, of which $113,000 went to the United Kingdom. That is, we exported more to the United Kingdom than we imported from that country.

Mr. BENNETT: Under present conditions there will be no imports from the United Kingdom anyway. They are engaged in other work.

Mr. DUNNING: Yes, that is my view, but the British government have hopes.

Item agreed to.

Customs tariff—445g. Electric motors, and complete parts thereof, n.o.p.: rate of duty, 15 per cent.

Mr. DUNNING: A reduction in rate from 25 to 15 per cent. Our total imports of electric motors and parts were $1,184,000, of which $925,000 came from the United States and $239,000 from the United Kingdom; the rest in small amounts from other countries.

Mr. MacNICOL: None from Sweden?

Mr. DUNNING: From Sweden $12,000. Our exports are included in the total I gave under the previous item, and our production in 1934 was just short of $3,000,000.

Mr. MacNICOL: On Saturday last the new building of the Toronto Stock Exchange was opened. I am told that many but not all of the motors used in that building, and there is a large number, were imported from Great Britain, and some from Sweden. A motor manufacturer in conversation told me that this reduction will be a considerable handicap, will considerably interfere with the production of motors in Canada. Of course it cannot be helped now, but it looks as if the duty has been reduced approximately 40 per cent. That is a fairly substantial reduction. Their labour cost in Great Britain is so much less than in Canada, and their plants are very large; I have been in some and will be again this summer. I wonder if this is not too substantial a reduction on a line of goods which Canadians have developed quite a capacity for manufacturing.

Mr. DUNNING: We are exporting to the United Kingdom.

Mr. MacNICOL: I know, but we are importing a lot too.

Mr. DUNNING: Exports two to one of imports.

Mr. BENNETT: We are importing a lot of second hand motors from the United States and rewinding them.

Mr. DUNNING: But not so much as before.

Mr. GLADSTONE: Circumstances alter cases. In contrast with the remarks of the hon. member for Davenport (Mr. MacNicol), last year there was a very considerable reduction in the rate of duty on electric washing machines coming into Canada from the United States. The manufacturers of these machines are desirous of receiving some consideration in the matter of their raw material, and particularly with respect to the electric motors, on which they would like

to see the duty equalized with that on the motor in the washing machine. As it is now I believe these small motors carry a duty 5 per cent higher than on the motor included as part of the washing machine. The reduction in duty on electric motors coming from Great Britain is not helpful because no motors of the type used in washing machines are brought from England, nor can they be brought from there because the production of such fractional horse-power motors has never been developed in England, and prices there are considerably higher than in Canada or the United States where this type of motor is used so largely on small appliances. I would ask the minister to consider the question of equalizing the rate of duty on electric motors coming from the United States with the rate on motors coming in as part of a washing machine.

Mr. DUNNING: That is a thorny question. It does not arise under this agreement; it arises under our general tariff. I recognize the force of my hon. friend's point, but there are many difficulties in the way.

Item agreed to.

Customs tariff—ex 445k. Electrical instruments and apparatus of precision of a class or kind not made in Canada, viz:—meters or gauges for indicating and/or recording altitude, amperes, comparisons, capacity, density, depth, distance, electrolysis, flux, force, frequency, humidity, inductance, liquid levels, ohms, operation, power factor, pressure, space, speed, stress, synchronism, temperature, time, volts, volume, watts; complets parts thereof: rate of duty, free.

Mr. DUNNING: A reduction in rate from 15 per cent to free. Our total imports were $130,000, these statistics covering electric meters and complete parts.

Mr. BENNETT: Largely used in aircraft.

Mr. DUNNING: There are various classes of meters and meter parts. But the item does not include automobile ammeters.

Item agreed to.

Customs tariff—445l. Electric storage batteries, composed of plates measuring not less than eleven inches by fourteen inches and not less than three-quarters inch in thickness; complete parts thereof: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—445m. Flame proof electric switch gear, for use underground in coal mines, and complete parts thereof: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

[Mr. Gladstone.]

Customs tariff—446. Electric steam turbo generator sets, 700 h.p. and greater, of a class or kind not made in Canada, and complete parts thereof: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—446a. Manufactures, articles or wares, of iron or steel or of which iron or steel or both are the component materials of chief value, n.o.p.: rate of duty, 10 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—ex 446a. Cellulose acetate film reinforced with wire mesh: rate of duty, free.

Mr. DUNNING: There is a reduction from 10 per cent to free. This is a new item, its purpose being to afford free entry of cellulose acetate film reinforced with wire mesh. This is merely a technical description of what might be referred to in simpler terms as windowing for poultry houses. This material, sold in England under various trade names, is to some extent displacing glass for window use. It is non-breakable, luminous, semi-transparent, said to be non-inflammable and is reputed to have the advantage of transmitting certain health-giving rays which are excluded by ordinary glass. So far as is known there is no Canadian manufacture.

Item agreed to.

Customs tariff—ex 446 et al. Electric welding apparatus, not including motors: rate of duty, 10 per cent.

Mr. MacNICOL: I should like again to congratulate the minister on seeing to it that the words "not including motors" are in this item. If he will follow my suggestions along these lines—I made this suggestion last year—instead of those of the hon. member for Moose Jaw or the hon. member for Melfort he will certainly help to provide work for Canadians.

Mr. DUNNING: When my hon. friend from Davenport advises me to make a tariff item free, I am sure there will be joy among the angels.

Item agreed to.

Customs tariff—446b. Steel bicycle rims, not enamelled nor plated: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—446c. Golf shafts of seamless steel, coated or not, but not chromium plated: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—446d. Bottles or cylinders of seamless steel used as high-pressure containers for gas: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—451. Buckles, clasps, eyelets, hooks and eyes, dome, snap or other fasteners of iron, steel, brass or other metal, coated or not, n.o.p. (not being jewellery): rate of duty, 15 per cent.

Mr. DUNNING: There is a reduction from 20 to 15 per cent, qualified by what the right hon. leader of the opposition said a moment ago, that the 10 per cent discount will not apply on the new rate whereas it did on the old. The effective reduction, therefore, is from 18 to 15 per cent. Our imports amounted to $224,000, of which $186,000 came from the United States and $26,000 from the United Kingdom.

Item agreed to.

Customs tariff—451a. (i) Spring-beard needles and latch needles: rate of duty, 10 per cent.

(ii) Needles, of any material or kind, n.o.p.: rate of duty, 10 per cent.

Mr. DUNNING: This is a reduction from 15 to 10 per cent.

Item agreed to.

Customs tariff—451b. Pins manufactured from wire of any metal, n.o.p.: rate of duty, 17½ per cent.

Item agreed to.

Customs tariff—462. Philosophical, photographic, mathematical and optical instruments, n.o.p.; speedometers, cyclometers and pedometers, n.o.p.; complete parts of all the foregoing: rate of duty, 7½ per cent.

Mr. DUNNING: This is a reduction from 15 to 7½ per cent.

Item agreed to.

Customs tariff—465. Signs of any material other than paper, framed or not; letters and numerals of any material other than paper: rate of duty, 10 per cent.

Mr. DUNNING: There is a reduction from 15 to 10 per cent.

Item agreed to.

Customs tariff—469. Machine card clothing: rate of duty, 10 per cent.

Mr. DUNNING: This is the same reduction, from 15 to 10 per cent.

Item agreed to.

Customs tariff—471a. Pressed steel belt pulleys, for power transmission, and finished or unfinished parts thereof, including interchangeable bushings: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—475b. Matrices for stereotypes, electrotypes and celluloids described in item 475a: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—476. Surgical and dental instruments of any material; surgical needles; X-ray apparatus; microscopes valued at not less than $50 each, by retail; and complete parts of all the foregoing: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—522. Rovings, yarns and warps, wholly of cotton, not more advanced than singles n.o.p.: rate of duty, 12½ per cent.

Mr. DUNNING: This is the first of the textile items. There is no change.

Item agreed to.

Customs tariff—522c. Rovings, yarns and warps, wholly of cotton, including threads, cords and twines generally used for sewing, stitching, packaging and other purposes, n.o.p.; cotton yarns, wholly or partially covered with metallic strip, generally known as tinsel thread: rate of duty, 15 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—522d. Yarns and warps, wholly of cotton, mercerized, number forty and finer, imported, under regulations prescribed by the minister, for sale to manufacturers, to be further manufactured in their own factories: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—522f. Yarns and warps, wholly of cotton, number forty and finer, when imported by manufacturers of mercerized cotton yarns, for use exclusively in the manufacture of mercerized cotton yarns, in their own factories: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—523. Woven fabrics, wholly of cotton, not bleached, mercerized, nor coloured, n.o.p., and seamless cotton bags: rate of duty, 15 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—523a. Woven fabrics, wholly of cotton, bleached or mercerized, not coloured, n.o.p.: rate of duty, 20 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—523b. Woven fabrics, wholly of cotton, printed, dyed or coloured, n.o.p.: rate of duty, 20 per cent.

Mr. DUNNING: There is a reduction from 22½ to 20 per cent. The specific duties were removed in the last budget. Our imports last year from the United Kingdom of printed cloths amounted to $1,105,000. In piece dyed cloths our imports from the United Kingdom were $1,750,000, and in woven fabrics, cotton yarn dyed, our imports from the United Kingdom were $394,000.

Mr. HEAPS: Has the minister the same figures for our imports from the United States?

Mr. DUNNING: Yes. Our imports from the United States of woven fabrics of cotton, printed, were $311,000; of woven fabrics of cotton, piece dyed, $534,000, and of woven fabrics of cotton, yarn dyed, $131,000.

Mr. BENNETT: They carried a specific duty?

Mr. DUNNING: Yes.

Mr. HEAPS: May I ask under what item denim would come?

Mr. DUNNING: If it is wholly of cotton, the ordinary plain blue denim, it would be under this item.

Mr. HEAPS: I presume there are different colours, blue, green, and so on. Personally I should like to see this duty reduced a little further, because I do not see the necessity for this very high protection on this class of goods, which is very largely manufactured in this country as well as in the United States. I believe there is very little denim imported from the United Kingdom. I understand further that in the corresponding item dealing with manufactured goods there has not been a reduction made, so that while there is a reduction under this item on denim coming into this country there has been no reduction in the duty on overalls and other finished articles. I understand some complaint has been registered with the department in this regard.

Mr. DUNNING: No, the complaint was just the reverse.

Mr. HEAPS: I was trying to get my facts correct; but complaints have been made.

Mr. DUNNING: By manufacturers of overalls.

[Mr. Dunning.]

Mr. HEAPS: I should like the minister to discuss that aspect, and I was wondering if the matter could not be adjusted by bringing the tariff in both cases down to a proper level so that Canadian manufacturers would not be placed at a disadvantage.

Mr. DUNNING: It will be remembered that a year ago the budget removed the specific duty on the raw material coming from Great Britain.

Mr. BENNETT: Under the preference.

Mr. DUNNING: Yes. Last year also the specific duty was removed from the finished article in order that the advantage of the reduction might be passed on to the consumer. By this we are still further reducing the duty on the raw material from the United Kingdom to the manufacturers of overalls.

Mr. HEAPS: But I am told none of that material comes from the United Kingdom.

Mr. DUNNING: I query the suggestion that plain denim is not imported and cannot be secured from the United Kingdom, rather than from the United States.

Mr. HEAPS: When I worked at my trade a number of years ago I used considerable quantities of denim and at that time none of it was purchased in the United Kingdom. It is practically all Canadian or United States production. There is not a great deal of it coming from the United States, because the Canadian manufacturer usually puts his price at a level where it does not pay to import denim. The price of denim is maintained at a certain figure, plus the United States cost of production, plus the tariff less a fraction of a cent, and as a rule, so far as price is concerned, the Canadian manufacturer in our secondary industries is practically at the mercy of producers of denim in Canada. He has to pay the price they fix, and the price they fix is the one practically fixed by producers of denim in the United States, plus of course the tariff. If the tariff on overalls is reduced, and the tariff on denim is maintained, the overall manufacturers are placed at a disadvantage. My plea is that the minister reduce the tariff on denims, because I do not believe there is any need for the high protection given Canadian manufacturers of denims.

Let me give my reasons for making these statements. First of all, the Canadian manufacturer buys his raw material, or should buy it, at exactly the same price as the United States manufacturer. There is no duty on raw cotton entering Canada. I do

not believe the cost of producing denim in Canada is any greater than it is in the United States, in spite of the greater production in that country.

Mr. BENNETT: It is cheaper in the southern states.

Mr. HEAPS: I think wages in the southern states are no less than they are right here in Canada.

Mr. BAKER: Labour is much cheaper there.

Mr. HEAPS: Taking labour costs in the northern and southern states I would say that they are somewhat higher than those found in Canada.

Mr. BENNETT: But the figures do not show that.

Mr. HEAPS: I do not think much can be said about labour costs. If the manufacturer in Canada can import raw material duty free, I do not see why he must have a protection under the intermediate tariff. I would suggest to the minister, both from the general standpoint of reducing cost to the consumer, and giving the secondary manufacturer a fair opportunity, that the cost of denim be permitted to come down in exactly the same way as the cost of the finished article has done.

Mr. DUNNING: The argument is rather circular in form, because we here propose a reduction. We are now considering the British agreement, and the proposal is to reduce the duty on denim as a part of the item. Of course I know what the difficulty is. It is that the overall manufacturers, who a year ago were quite ready to accept the reduction in duty on their fabrics, did not with the same good grace accept the reduction in duty on the finished overalls. That is the truth of the matter. Last year we removed the specific duty on the fabrics under the British preference, and we reduced the specific duty on overalls from three and a half cents to one and a half cents per pound weight. Now we are reducing the rate again with respect to the British preference. It will be 18 per cent net in future, allowing for the discount. In the budget item I propose to remove the cent and a half per pound on the finished overalls.

Mr. BENNETT: That is in the ways and means resolution.

Mr. DUNNING: Yes, which is not presently before the committee. Our best judgment is that that is an equitable working of the reduction on fabrics and the finished commodity. I know that the overall manufacturer to whom the hon. member (Mr. Heaps) refers wrote me in the matter. Like all manufacturers he wants his raw material free, and a tariff as high as possible on the finished product. That is a very human desire. Nearly every person who communicates with the Minister of Finance has that desire to a greater or lesser extent. In reply to the hon. member I can only say that a careful study of the matter leads me to the belief that the adjustments downward which have been made in connection with our raw material and the finished product are applied to meet the interests of all concerned.

Mr. BENNETT: What did we buy from England under the reduction of last year?

Mr. DUNNING: I have not the figures, but I could get them.

Mr. BENNETT: I was only interested in the effect of the reduction. The contention of the hon. member has been that we cannot get denim from England.

Mr. DUNNING: Denim is not separately classified, but is included with other coloured cotton fabrics.

Mr. HEAPS: What is the intermediate tariff on denims?

Mr. DUNNING: It is 27½ per cent, plus 3½ cents per pound.

Mr. HEAPS: Can the minister explain why there should be such a high tariff on denims coming into Canada?

Mr. DUNNING: The United States agreement effected a reduction a year ago.

Mr. ROSS (Moose Jaw): When the minister was first answering the hon. member in connection with the tariff against denim he said that it depended on certain things; I understood him to mean the amount of cotton or wool in the denim.

Mr. DUNNING: No; this denim is wholly of cotton.

Mr. BENNETT: It is overall material.

Mr. ROSS (Moose Jaw): I thought both cotton and wool were used.

Mr. DUNNING: No, just cotton.

Mr. MacNICOL: A moment ago the minister made the observation that the manufacturer wanted to have the duty as high as he could have it; what the manufacturer had in mind was trying to provide more jobs.

An hon. MEMBER: Oh yes?

Mr. HEAPS: I still maintain the minister should seriously consider the duty imposed on denims. I used a great deal of this material at one time, and I know how the price

has gone up and how it fluctuates all the time in view of our tariff structure. In 1930 when the tariff on the item jumped, some of the manufacturers in Canada refused to invoice goods to the secondary manufacturers. They shipped the goods, and when they felt the rate was going up they sent the invoices. The result was that the costs went up, too.

Mr. DUNNING: I am afraid the leader of the opposition will have to answer the hon. member.

Mr. HEAPS: I happen to have seen correspondence in connection with the matter. I have never yet been able to discover why the textile industry in Canada requires an intermediate rate of 27½ per cent.

Mr. DUNNING: That is the intermediate rate.

Mr. HEAPS: Our importations are chiefly under that rate, and in addition there is the excise tax of three per cent, bringing the whole rate to something over 30 per cent.

Mr. BENNETT: And in addition a specific duty of three and a half cents per pound.

Mr. HEAPS: We cannot justify so high a tariff on articles in every-day use by the people of Canada.

Mr. DUNNING: My hon. friend's original premise is wrong when he states that the importations come principally from the United States. In every classification of this item which I read, the imports from Great Britain are two and three times as great as those from the United States, and in some cases even more than that. The competitive factor in connection with textiles of this character is the British price.

Mr. HEAPS: My information is that so far as denim is concerned, there is hardly any imported from the United Kingdom. The minister admitted a few moments ago that there was no item which would show the amount of denim imported from the United States and from the United Kingdom.

Mr. DUNNING: Let us see if we cannot get a closer figure. Is denim a woven cotton fabric printed?

Mr. BENNETT: No.

Mr. DUNNING: Is it a woven fabric, cotton, piece dyed?

Mr. BENNETT: No.

Mr. BAKER: Sometimes it is.

Mr. DUNNING: Or is it yarn dyed? I think piece dyed would more likely cover it.

[Mr. Heaps.]

Mr. BAKER: It would not be woven; it would be piece dyed.

Mr. DUNNING: Under that heading we imported from the United Kingdom $1,750,000 worth, and from the United States $500,000. The price competitive factor is the imports from the United Kingdom.

Mr. BENNETT: On cotton textiles.

Mr. DUNNING: If it should be yarn dyed, the imports from the United States last year were only $130,000 as against nearly $400,000 from the United Kingdom.

Mr. HEAPS: I think the figures quoted by the minister prove my contention. The tariff on these items is so high that the Canadian manufacturer cannot afford to bring in these goods. Eight-ounce denim which will sell in the United States for 15 cents a yard will cost the manufacturer here the same price, plus whatever tariff is placed against the material. The Canadian manufacturer has freight charges to pay and other items of expense which make it impossible for him to bring in this material. The figures read by the minister would indicate that he cannot possibly import these goods from the United States.

Mr. BAKER: How does Great Britain keep the cost down?

Mr. HEAPS: There is very little of this overall material brought in from the United Kingdom. I am told that they do not produce it there at all. The only competition is from the American manufacturer. The Canadian manufacturer finds it impossible to bring in these goods from the United States. I would venture to say that if the rate of duty was reduced from 27½ to 22½ or 17½ per cent, the minister would find that within twenty-four hours the Canadian manufacturer would bring down his price in conformity with the change in the tariff structure.

Mr. MacNICOL: And throw a lot of men out of work.

Mr. DEACHMAN: What were the rates on these items prior to 1930?

Mr. BENNETT: There was no specific duty at that time.

Mr. DUNNING: The last time this item was dealt with was in the budget of 1928. At that time the rates were 20 per cent, 25 per cent, and 27½ per cent ad valorem, with no specific duty. Under this proposal the rate will be 20 per cent as against Great Britain, exactly the same as it was in 1930.

Mr. DEACHMAN: What about the United States?

Mr. DUNNING: The present rate against the United States is 27½ per cent ad valorem, plus 3½ cents per pound. Of course, the British agreement does not touch the United States duty.

Mr. DEACHMAN: What would be ad valorem equivalent of this rate?

Mr. DUNNING: I have not that information at the moment. This is rather a difficult item to deal with, as there are so many classifications of material.

Mr. DEACHMAN: Surely someone can tell us what would represent the ad valorem rate in connection with products such as this.

Mr. DUNNING: My information has been made up for the purpose of dealing with the British rates.

Mr. DEACHMAN: The British rate is not competitive to the same extent.

Mr. DUNNING: If my hon. friend will wait until eight o'clock, I shall have that information.

Item stands.

Progress reported.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

TORONTO GENERAL INSURANCE COMPANY

Mr. W. R. MACDONALD (Brantford City) (for Mr. Plaxton) moved the third reading of Bill No. 53, to incorporate Toronto General Insurance Company.

Mr. T. L. CHURCH (Broadview): I do not see the mover of the bill here. I call the attention of the government to the very extensive powers for which this company is asking. Under section 8 it may make contracts of insurance in respect of accidents, automobiles, aviation, bonds, burglaries, credit, earthquakes, explosions, falling aircraft, fires, forgeries, guarantees, hail, inland transportation, machinery, plate glass, sickness, sprinkler leakage, steam boilers, tornadoes, and the weather. These are very large powers to be conferred on one company, and one which is putting up very little in the way of money or securities.

What rates are to be given by this company? Surely, if parliament is to give life and fire insurance companies such wide general powers their rates should be regulated, as I have always contended by a body similar to the board of railway commissioners. The arts and sciences, notably preventive medicine and surgery, have reduced the death rate over fifteen to twenty points per thousand within the last few years; large amounts of money have been spent by the dominion and provincial governments and by municipalities for purposes of fire prevention; and surely it is not desired that the same level of rates shall prevail as was in force years ago. This is a matter which I think the government could very well consider.

Under section 8 this company is empowered to deal in some nineteen different classes of insurance, most of which were never heard of in the olden days. Why should not the government consider some general policy to apply to all these companies? It is well known that some of them are started without the financial security they should have. They deal mostly with industrial workers, and charge very high rates. Let anyone who doubts this statement try to get insurance in any of the classes I have enumerated and at the rates charged. In the cities and towns the rates for burglary insurance have been raised because a number of places have been broken into, and in other classes of insurance there have been increases. If the federal government incorporates these companies under the general act there should be, I repeat, some body with power to control their rates, or they will become like some of the shark loan and mortgage companies.

I regret that the mover of the bill is not present, although I do not take objection to that; he is a good friend of mine and has no doubt looked into the bill more closely than anyone else. But take clause 9, dealing with subscription and payment of capital before commencing business. The company is to be allowed to commence business when it has $275,000 of its capital stock subscribed and paid for. What regulations are there for such companies? I should like to know; I raised the point last year. I am sure the time is coming when we must have some regulation. In the United States during the past four years there have been a number of federal investigations into companies such as these; many of them, quite illegally, took their trust funds and gambled with them all over the civilized world, and they could do so because they were under no form of regulation. No doubt the department of insurance is a good one and its superintendent

is efficient, but this is not enough. The time has come for the government to consider laying down some policy along the lines I have suggested.

Motion agreed to and bill read the third time and passed.

FEDERAL FIRE INSURANCE COMPANY

The house in committee on Bill No. 49, to incorporate Federal Fire Insurance Company of Canada—Mr. Macdonald (Brantford City)—Mr. Sanderson in the chair.

On section 1—Incorporation.

Mr. HEAPS: May I ask the minister or whoever is in charge of this bill whether it has received the approval of the government or of those in charge of measures of this kind?

Mr. DUNNING: These bills, incorporating Wellington Fire, Federal Fire, Gore District Mutual, Sterling Insurance, and Sons of Scotland, have all been examined by the superintendent of insurance, have been to the committee on banking and commerce, and have been returned here without amendment. They comply with all the conditions of the Department of Insurance.

Mr. HEAPS: The superintendent of insurance has approved of these measures?

Mr. DUNNING: Yes. In some cases in these bills there are conditions to be complied with before the incorporation can be proceeded with. For instance, in the case of a provincial company which is by statute becoming a federal company, the protective provisions are inserted at the instance of the superintendent of insurance in order to ensure that everything is regular. I have not personal knowledge of them, I might say, but I have confidence in that official.

Section agreed to.

Sections 2 to 10 inclusive agreed to.

Bill reported, read the third time and passed.

WELLINGTON FIRE INSURANCE COMPANY

The house in committee on Bill No. 50, to incorporate the Wellington Fire Insurance Company—Mr. Macdonald (Brantford)—Mr. Sanderson in the chair.

Sections 1 to 5 inclusive agreed to.

On section 6—Classes of insurance authorized.

[Mr. Church.]

Mr. CHURCH: I would call the attention of the committee to the fact that the incorporators of this Wellington Fire Insurance Company are the same as the incorporators of Federal Fire Insurance Company, the bill previously before the committee; they are all good people, though, and they are asking for the same powers as those provided in the other bill. All these companies are from Toronto. Why do they want a federal charter? They are doing only a local business. Why are two companies being incorporated for the same purposes? I don't want to oppose them but I want to secure information. There should be proper control over rates and for that purpose I submit that we ought to have a federal department.

Why do these people want two charters? By no stretch of the imagination can it be said that either of these bills is for the general advantage of Canada; they are merely for the promotion of local business. Here we have two companies seeking incorporation on the same day. One of the bills has passed through practically all its stages in this house and nothing has been said about it. No wonder the condition of affairs in Canada to-day is what it is in connection with these insurance companies. There is a long list of classes of insurance in which this company may engage, all set out on page 2 of the bill, and I think we should have an explanation either from the minister or from the sponsor. Does the government propose to pass further general regulations to control these companies? Can some five or six persons come here and obtain two separate charters in one evening, one in the name of the Federal Fire Insurance Company and the other in the name of the Wellington Fire Insurance Company, without one word of explanation from some responsible person or any government policy?

Mr. WOODSWORTH: It is a peculiar circumstance that we should be asked to incorporate at the same time two companies having the same set of directors. I do not know anything about this bill but it does strike me as a rather peculiar arrangement, and I support the suggestion of my hon. friend that there should be an explanation.

Mr. MACDONALD (Brantford): Both of these companies were incorporated under provincial authority and are now doing business under provincial charters. It is now their intention to extend their operations beyond the province of Ontario and for that reason they wish to have incorporation under the federal parliament. The applicants are directors or officers of the existing companies and the

intention is that when the new companies are incorporated, organized and entitled to do business, they will take over the assets and business respectively of these provincial concerns. It is merely a matter of extending their charters, giving them dominion jurisdiction, whereas at present their charters are only provincial. I am advised that both companies intend to surrender their provincial charters and operate under dominion jurisdiction.

Mr. WOODSWORTH: That is not in the slightest an answer to the question. There have been two companies operating under provincial charters and they now seek dominion incorporation. What I said was—and I simply followed the hon. member for Broadview—that we should be told why there should be two companies operated by the same board of directors and doing work apparently in the same field.

Mr. DONNELLY: Does the hon. member mean that the Federal company and the Wellington company have the same directors?

Mr. WOODSWORTH: If the hon. member will turn to the bill we have passed he will see that those seeking incorporation are:

Herbert Begg, insurance director; William Robert Begg, manufacturers' agent; William Henry Buscombe, insurance executive; John Gordon Hutchinson, insurance executive, and George Alexander Gordon, insurance executive, all of the city of Toronto, in the province of Ontario, together with such persons as become shareholders of the Company, are hereby incorporated under the name of "Federal Fire Insurance Company of Canada" hereinafter called "the Company".

When we come to this bill for the incorporation of Wellington Fire Insurance Company we find that the persons enumerated in section 1 are:

Herbert Begg, insurance director; William Robert Begg, manufacturers' agent; William Henry Buscombe, insurance executive; John Gordon Hutchinson, insurance executive, and George Alexander Gordon, insurance executive, all of the city of Toronto, in the province of Ontario, together with such persons as become shareholders of the company, are hereby incorporated under the name of "Wellington Fire Insurance Company" hereinafter called "the Company".

These are both fire insurance companies and there seems to be no reason why there should be this duplication, when both companies are out to do the same type of work and apparently in the same field.

Mr. THORSON: It may not necessarily follow that the shareholders of both of these provincial companies are the same persons. It may be a matter purely of convenience to pick out these particular persons as the incorporators of the dominion company in each case.

Mr. WOODSWORTH: It is quite true that the shareholders may be different; we do not know anything about that. All we can go on is the enumeration of the names of those seeking incorporation, and I submit that we should have some definite information before we pass the third reading.

Mr. HEAPS: There should be some definite statement in this committee before we adopt a measure of this kind. I do not think we should be asked to incorporate two different companies having the same set of directors and both doing the same business. If either the minister or the hon. member who sponsors the bill is unable to give us any information at this stage, the logical thing is to allow the matter to stand until that information can be given.

Mr. DUNNING: The sponsor of the bill evidently cannot give the definite reasons why the incorporators are the same in both these bills. One can only take it that these two separate provincial companies have at present the same or substantially the same personnel in their directorates, and the two companies separately are seeking federal incorporation. What apparently some members of the committee desire to know is why the two companies should not amalgamate if they are owned by substantially the same people. That information, it seems, was not given in the banking and commerce committee. I was not present in that committee and therefore have no knowledge of the circumstances, but if it is deemed important to have it I think the bill should stand tonight so as to give the sponsor an opportunity to secure full information. I do not think that parliament particularly wants to force amalgamation. It may well be, as the hon. member for Selkirk has suggested, that the shareholders are substantially different although the directors are the same. There may be circumstances of which we are unaware and we ought to be made aware of those circumstances.

Progress reported.

CONSIDERED IN COMMITTEE— THIRD READINGS

Bill No. 51, to incorporate Gore District Mutual Fire Insurance Company—Mr. Edwards.

Bill No. 52, to incorporate Sterling Insurance Company of Canada—Mr. Parent (Quebec West and South).

SONS OF SCOTLAND BENEVOLENT ASSOCIATION

The house in committee on Bill No. 54, to incorporate the Sons of Scotland Benevolent Association.—Mr. Reid—Mr. Sanderson in the chair.

On clause 1—Incorporation.

Mr. POULIOT: Are the ladies and gentlemen mentioned in that clause real good Scotch people? It is a Scotish benevolent association? I should like to know if they are all Scots?

Mr. DUNNING: The sponsors are.

Section agreed to.

Sections 2 to 16 inclusive agreed to.

Preamble agreed to.

On the title.

Mr. THORSON: Will the sponsor of the bill be good enough to explain the title?

Mr. REID: It is rather late to start explaining now after the preamble is carried.

Mr. THORSON: It is a misnomer.

Mr. REID: I do not think the hon. member is in earnest. I shall be glad to tell him after it is through.

Bill reported, read the third time and passed.

INDUSTRIAL LOAN AND FINANCE CORPORATION

The house in committee on Bill No. 57, respecting Industrial Loan and Finance Corporation—Mr. Vien—Mr. Sanderson in the chair.

On clause 1—Loans of $500 or less: aggregate charge.

Mr. McIVOR: I do not wish to be discourteous to the Senate nor to the hon. member from the other side of the house, the sponsor of this bill. The other night I said a similar bill was unchristian, but that was not fair to the hon. member for Cartier. I will say that this bill is inhuman. Within the last few days I have read some of the advertisements of corporations of this type, and they are very misleading. They seem to be brotherly, very inviting and very sympathetic to those in distress. Once you get into their clutches, however, it is a different story. To me passing a bill of this kind is like hitting a man when he is down. Often in my youth, and occasionally later on, I engaged in the manly art, and it was always considered a brutal thing to hit a man when he was down; a person who did that sort of thing was called by a special name. I think a corporation or financial concern that will hit a man when he is in financial trouble is most inhuman, and we, the representatives of the people, should not tolerate it. I say they are inhuman because anyone who plans or contrives to reap a rich harvest from his fellow-men who are in deep distress and liable to lose their all, deserves that word. If the hon. member who is an expert in the administration of lethal gas could give these people a few drops of that gas, not enough to be fatal, I think it might be a very good thing.

My personal view is that the borrower should be protected. If our provinces are not able to pay four per cent I am sure hon. members will agree that individuals should not be asked to pay the rates demanded by these companies. I wonder if hon. gentlemen realize that there are companies which seek to extract from those in financial trouble not four per cent, not ten per cent, not twenty per cent, but 27½ per cent and, judging by the experience I have had in the past, before you get out from under, it may cost more than thirty per cent and perhaps nearly fifty per cent.

I had one experience that causes me to rise in my place to-night and protest against companies of this kind. I knew of a hard working man who got into debt, perhaps through listening to a high pressure salesman, and he was faced with the possibility of losing all his property and working a great hardship on his family. Along came these financial concerns, saying: We will get you out of your trouble. They say: Consult us and your financial difficulties will be removed. It is like jumping from the frying pan into the fire. I do not wish to make it any stronger, but I could not call myself fair and honest to my fellowmen if I did not register the most vigorous possible protest against the incorporation of companies of this kind. I voted for the other bill because it was sponsored by an hon. member in this corner of the chamber. It was sent to a committee, but I hoped it would never be returned to this house.

Mr. CHURCH: Mr. Chairman, I agree with what has been said by the hon. member for Fort William. I have been opposing bills of this kind for the last ten years, because ninety-five per cent of these loans are made to the industrial workers of the country, who are not getting one bit of support from this parliament. We have legislation protecting

the farmers, the fishermen and everyone else, legislation which I supported and would support again, but the industrial worker receives no protection at all. These companies are principally engaged in local business. Not by the widest stretch of the imagination could it be said that their operations are provincial, let alone federal, yet they come to this parliament for incorporation; the bills are referred to a committee and sent back here; these companies are exempt from the operations of the Usury Act, the Interest Act, and the Companies Act and given the widest power to hold up people at two per cent per month, and all that sort of thing. We are not going to stand for it any longer.

Last year a bill with a preamble almost identical with the preamble of this bill was opposed by the Minister of Finance. That bill was considered on June 9, 1936, and the minister said:

> The government holds the view that in these times of declining interest rates it is doubtful wisdom for parliament to incorporate more companies empowered to charge these high rates of interest. It is true that the general legislation enacted a few sessions ago endeavoured to set maximum rates and it is natural that the companies incorporated by parliament should in their advertising attach some importance to that fact. The impression has gone abroad, among certain sections of the public at all events, that parliament, by the general legislation now on the statute books, has authorized the charging of the maximum rates. I know that such was not the intention, and for this, among other reasons, the government was gratified to see the study being given to this matter by a committee of the other house. However, for the reasons I have indicated, the government cannot accept the solution proposed by that committee.
>
> It is evident, Mr. Speaker, that this matter of interest rates and the conditions applying to small loans must again engage the attention of parliament. It is the intention of the government to initiate, between now and the next session of parliament, a further examination of the matter with a view to amending the existing general legislation. In the meantime, I must oppose the second reading of the bill. . . .

Nothing has been done since then. This session these companies did not introduce their bills in this house; apparently they learned a lesson last session, when three or four of these bills were talked out or voted down. This time they went to the other house, where the bills passed all stages. Now we are asked to deal with them here. I am opposed to these companies; I believe these bills run contrary to the policy of the government. We have set up a body or commission to loan money for home improvements, and committees have been formed in the larger centres. The Ontario legislature recently passed legislation exempting the repairs and improvements from municipal taxation, and now this parliament is going to kill that work of incorporating a number of these useless companies. They are well named shark loan companies. I do not know any other legislature where they could get charters. They would be laughed out of the British parliament; they were put out of the United States, some of them, following an investigation conducted by the government of that country some four or five years ago.

These are the companies that are putting in the bailiffs. They sue people in the courts, and some of these poor people are sent to gaol. Already there are thousands of people in gaol for debt, and now we propose to add to that number by passing legislation of this kind. The time has come to vote down these bills. We are not sent here to represent these shark loan companies; we are sent here to protect the poor industrial workers. One of the things the government had to face in the by-election in Hamilton West yesterday was the feeling held by the industrial workers who have lost their equities in their small homes in that city. The industrial workers are not going to stand it any longer. Some of these shark loan companies have such bad names that they are now attempting to change them here to another name. They do not like to do business any more under the old name. Although I have never done business with these companies, I often receive literature from them. I am not in need of a loan, but three or four times each month I receive their circulars through the mails. How they get into the mails franked, I do not know. I called the attention of the Postmaster General (Mr. Elliott) to it last year.

The cities and towns are getting sick and tired of these companies. Despite the high taxes a man is asked to pay, they attempt to charge two per cent per month. The parliament of Canada should vote this sort of thing down, right away. The bill, every section of it, should have the six months' hoist. I am surprised that any hon. member familiar with conditions in the industrial cities and towns of Canada should introduce a bill such as this. The workers in those industries have no protection, and yet we sit here and propose to pass a bill which will do them an injustice.

This type of company has been severely criticized by some of the division and county courts judges. One judge said a few days ago that he wished some members of parliament who pass such acts would visit his court to see

how legislation of this kind is adversely affecting men, women and children in the province of Ontario. I wish some hon. members of the house would visit some of the division courts or police courts and see for themselves the effects of it. These companies take chattel mortgages, bills of sale, liens and other forms of security and then, in some way or another they get the person who has obtained the money into court. Our judges have not been slow to criticize this sort of legislation. In the olden days hon. members of the house would have opposed a bill of this kind.

I do not know where the government stands in the matter. Last session they told us they would have a policy next year; where is that policy? This session they tell us the same thing, and no doubt next session we will be told the same thing again. The government of the day is responsible for this measure. So long as the party opposite is the party in power, it will be responsible for the preamble of the bill. As such they should lay down a policy to-night, as they promised a year ago, as evidenced by the observations appearing at page 3550 of Hansard for 1936.

Mr. STEVENS: Unfortunately, when this bill was before the banking and commerce committee I was required to attend another committee which has been sitting almost continuously, dealing with the prices of agricultural implements; and as a result I could stay in the banking and commerce committee only a very few minutes. While there I expressed my views, and in doing so referred to the fact that the original act to which this measure is an amendment exempted the company from control of the Interest Act, the Money Lenders Act, and the Loan Companies Act. In the few minutes in which I appeared before the banking committee, not having the act under my hand, I was not in a position definitely to establish my assertion. The superintendent of insurance, who was adviser of the committee, intimated that I was quite wrong and that the present bill was not in that category. I was pretty sure I was right but I did not have the act under my hand; subsequently, however, I had the opportunity to look at the original act.

It will be noted that the bill purports to amend paragraph (b) of subsection 1 of section 5, chapter 68 of the statutes of 1930. I have that statute under my hand, and I find that paragraph (b) of subsection 1 of section 5 reads as follows:

> Notwithstanding anything contained in the Interest Act or in the Money Lenders Act or in paragraph (c) of section 63 of the Loan Companies Act . . .

[Mr. Church.]

Then it goes on to describe the powers. So that I was right when I drew the attention of the committee to that fact. The committee, at least while I was there, disregarded that fact, and the bill is now reported to the house. That is one of the reasons I rise once more to protest against the passing of this type of legislation.

The other evening, when the bill was before the house, at least two of its supporters were rather inclined to ridicule the stand taken by some hon. members and myself, intimating that we were perhaps ill informed and somewhat prejudiced, and suggested that the broad-minded thing to do was to let the bill go to a committee. Some of us argued that if we were opposed to its principle we ought to express our opposition then on the motion for second reading. However, our views did not prevail and the bill went to the committee. While voting that the bill be sent to a committee, a number of hon. members expressed a good deal of doubt as to the wisdom of passing this type of legislation.

I wish now to refer briefly to one or two arguments advanced which, I believe, influenced hon. members in their support of the measure. For instance, it was said that if we do not pass the legislation, companies can incorporate under provincial acts, and that if they can incorporate under provincial acts they can secure much wider and less restricted powers than those granted by parliament. Therefore they suggested it was in the interests of poor, suffering humanity that this two-per-cent-per-month bill should be passed, in order to save the people from the looser legislation of the provinces.

Any company incorporating under a provincial statute is subject to the federal Interest Act, and if we turn to the British North America Act we find that the exclusive power of control of interest rates rests with this parliament. Parliament proposes, by this measure and its sister act, to take these companies out of its jurisdiction—literally to legislate them out of our own jurisdiction. That is what we are doing.

I wish hon. members would seriously consider this, because to me it is a vital principle. The only control parliament has over these companies is the control it has through the Interest Act. Now then, by these very acts we are legislating ourselves out of the control of these companies. It is one of the most subtle pieces of legislative chicanery that has come to my attention. In association with other hon. members, over and over again I have spoken against this form of financial company. Up to this session we have

never been able to get hon. members in any number to become seized of the enormity of the practices of money lending sharks. I am not saying that this particular company should be described as a money lending shark, but I do say that those who charge usurious rates of interest ought to be placed in that category. There is an air of decency about these companies. I do not know about this particular company, but some of these companies are subsidiaries of American companies.

Mr. VIEN: Not this one.

Mr. STEVENS: The other company was, and it is similar to this one. I am speaking about them in a general way.

Mr. VIEN: We are talking about this one now.

Mr. STEVENS: I may say to the hon. member that I know what I am talking about just as well as he.

Mr. VIEN: Mr. Chairman, I want to correct a misstatement of fact, which I am sure my hon. friend will accept gracefully.

Mr. STEVENS: I have accepted it.

Mr. VIEN: No.

The CHAIRMAN: Unless the hon. member is speaking on a point of order, he is out of order.

Mr. VIEN: I want to correct a misstatement of fact, and I rise to a point of order.

Mr. STEVENS: I accepted the hon. member's explanation.

Mr. VIEN: This company is not a subsidiary of any foreign company.

Mr. STEVENS: I accepted that explanation long ago. We could have saved considerable time if the hon. member had noted that. What I am saying is that certain of these companies, similar to this company, are subsidiaries of American companies. While those in charge of these companies may not be disreputable, I do say that the rates of interest charged, whether by this company or by the money lending sharks so-called, are rates which this parliament dare not sanction.

So much for that part of the question. Let us see what this bill is doing. It is proposed to add a subsection to section 5 of the original act. Let me point out to hon. members just what we are doing. In the first place, we are legislating ourselves out of control of this company by making it no longer subject to the Interest Act. Under the original act this company could make loans secured by the assignment of chattel mortgages, and so forth, charging not more than 7 per cent per annum, and could deduct in advance the interest on all its loans. I shall read only parts of the section in the original act. It continues:

(ii) charge, in addition to interest as aforesaid, for all expenses which have been necessarily and in good faith incurred by the company.

And again:

—when a loan authorized by the said subparagraph (i) has been made on the security of a chattel mortgage, or of subrogation of taxes, be entitled to charge an additional sum equal to the legal and other actual expenses disbursed by the company—

It has been argued that we are bringing this and other companies under more restrictions, but this bill merely places certain limits upon loans under $500. On other loans this company can charge 50 per cent by running up the expenses.

Mr. DONNELLY: That is what they are doing now.

Mr. STEVENS: Of course it is. Under this bill they are to be limited to two per cent per month. I wanted to draw attention to what we are actually doing. We have not by any means relieved the country from the danger of loan sharks, as the unrestricted provincially incorporated companies are not affected in any way by this legislation. In the second place, as I have stated already, we are sanctioning this company to carry on notwithstanding the Interest Act, the Moneylenders Act and the Loan Companies Act. My submission is that this is a policy which this parliament ought not to adopt. As I said before, this parliament should consider seriously the necessity of providing loans for industrial workers similar to those provided by the rural credits act.

Mr. POULIOT: Mr. Chairman, the other bills pass through the house like a scene from moving pictures. We should consider this bill very carefully. It consists of only one section, which contains forty-eight lines. There are only three sentences, and if the bill is read too fast it cannot be understood. I intend to read it very slowly in order that everyone may be able to understand it. The section to be added reads:

(iv) whenever the company, under authority of this act, makes a loan of five hundred dollars or less—

That is exactly what the hon. member for Kootenay East (Mr. Stevens) was saying.

—subparagraphs (i), (ii) and (iii) of this paragraph (b) shall not apply.

Mr. THORSON: What are those subparagraphs?

Mr. POULIOT: I will come to that in a moment. I continue:

Instead, the company may, with relation to such loan, make against the borrower an aggregate charge, expressable as a percentage of the principal money loaned, which charge shall be deemed to include all interest on the loan, all charges thereon or therefor of every nature and kind other than interest, all disbursements (except for registration fees as hereunder provided) made in connection with the loan and all other fees, charges or services whatsoever arising out of or incidental to the loan.

Could you understand that, Mr. Chairman? No one can understand it. No one can know the real intent of this legislation. The sponsor of this bill (Mr. Vien) is a very eminent lawyer and I am sorry he did not take more time to clarify the language of the bill. If this bill is referred to as shark legislation it is because it has too many teeth.

Section stands.

Progress reported.

WAYS AND MEANS

The house again in committee of ways and means, Mr. Sanderson in the chair.

CANADA-UNITED KINGDOM TRADE AGREEMENT

Customs tariff—523b. Woven fabrics, wholly of cotton, printed, dyed or coloured, n.o.p.: rate of duty, 20 per cent.

Mr. DUNNING: The information for which the hon. member for Huron North asked just before six o'clock is being prepared and is not quite ready. Due to a change in tariff treatment of the United States in the past fiscal year it is difficult to get comparative figures with any great ease. I will give the information later in the evening.

Mr. HEAPS: Will the minister allow this item to stand?

Mr. DUNNING: I could, but I can give the information on another item. I am quite certain it will not make any difference to the views of hon. members as to this item.

Mr. HEAPS: I wish to discuss further the tariff and tariff rates, but so long as I have the opportunity upon another item I have no objection to this being passed.

Mr. DUNNING: May I point out to my hon. friend that the matter he has raised is really not at present before the committee because it relates to the intermediate tariff. As I have explained before, this schedule affects the British preferential rate only. Later on, on the budget items, of course there will be an opportunity for the hon. member to discuss what he has in mind, particularly as this same item will again come before the committee, after the British agreement is disposed of, with respect to other tariffs.

Mr. HEAPS: I do not wish to discuss the same thing twice over. Under the circumstances I will raise the matter when it comes under the ordinary items of the budget.

Item agreed to.

Customs tariff—ex 523b. Shadow cretonnes, wholly of cotton, with printed warp and plain weft: rate of duty, 12½ per cent.

Mr. DUNNING: There is a reduction in rate. Shadow cretonnes from Great Britain have entered in the past under item 523b at 22½ per cent. The new rate will be 12½ per cent with respect to this particular class of cotton goods. Inasmuch as it is a new item we have no available data on this classification.

Mr. DEACHMAN: Is the product made in Canada?

Mr. DUNNING: Not to any extent.

Item agreed to.

Customs tariff—ex 523b. Gabardines, wholly of cotton, with not less than 280 ends and picks of ply yarn per square inch: rate of duty, 12½ per cent.

Mr. DUNNING: Gabardines are also a new item, designed to segregate the gabardines fabrics from item 523b. Formerly these gabardines entered at 22½ per cent duty. In future they will enter at 12½ per cent. So far as our information goes, they are not manufactured in Canada.

Mr. DEACHMAN: It is purely a revenue item. What is done is to reduce the duty substantially on what is wholly a revenue item. That, I take it, is the effect of the change.

Item agreed to.

Customs tariff—ex 523, ex 523a, ex 523b. Woven fabrics, wholly of cotton, composed of yarns of counts of not less than 80 and not more than 99, including all such fabrics in which the average count of the warp and weft yarns is not less than 80 and not more than 99: rate of duty, 12½ per cent.

Mr. DUNNING: There is here a reduction of rate, also a new item affecting woven fabrics wholly of cotton, of counts 80 to 99. Following the conference of 1932 there was incorporated in the schedules a new item, 523c, which provided for the entry under the British preferential tariff of cotton fabrics composed of yarns of counts of 100 or more.

The object of that item was to permit free entry of a type of cotton fabric not then made in Canada, and not likely to be produced economically in the dominion. The item then created may be said to relate more particularly to very fine cotton shirtings of a certain kind and to certain laws, muslins, voiles and marquisettes. The item has proven of considerable value to United Kingdom exporters, as evidenced by the fact that the imports under it in 1935 were valued at $340,000, and in 1936, $424,000.

The United Kingdom industry has always asked that it should be given greater liberty with regard to these counts than was provided by the item in the 1932 agreement. There were many articles which just failed to qualify before, by virtue of the counts from 80 to over 100. During the recent negotiations the United Kingdom authorities pressed very hard for a new item which might be described as covering a middle band of these fine fabrics, that is fabrics made of yarns 80 or finer in count, at a rate of 12½ per cent. Canadian cotton mills are working to some extent in fabrics of this fine quality, but we think that a rate of 12½ per cent against the British production of these finer quality cotton products is justified.

Mr. BENNETT: Have we any record of our production of these fine counts?

Mr. DUNNING: We have no separate record, no.

Mr. WALSH: Has the minister had any communications from any of the mills in Canada that are interested in this particular item?

Mr. DUNNING: On this particular item?

Mr. WALSH: No, who are interested in this particular item?

Mr. DUNNING: I have no recollection of any. When I say that, my hon. friend will of course understand that my correspondence on all these matters is very large, but I have no recollection of any relating to this particular item.

Item agreed to.

Customs tariff—523c. Woven fabrics, wholly of cotton, composed of yarns of counts of 100 or more, including all such fabrics in which the average of the count of warp and weft yarns is 100 or more: rate of duty, free.

Mr. DUNNING: No change is made in 523c.

Item agreed to.

Customs tariff—523e. Woven fabrics wholly of cotton with cut pile, n.o.p.: rate of duty: 15 per cent.

Mr. DUNNING: There is no change.

Item agreed to.

Customs tariff—ex 523e, ex 561. Fabrics with cut weft pile, wholly of cotton or of cotton and artificial silk: rate of duty, 5 per cent.

Mr. DUNNING: This is a reduction in rate. Again it is extracting fabrics of cotton weft pile, wholly of cotton or of cotton and artificial silk, from the general item of which they formerly formed a part. This classification is entirely new, and is intended to deal only with cut pile fabrics wholly of cotton or of cotton and artificial silk.

Mr. BENNETT: There is a great difference between the two, of course.

Mr. DUNNING: Yes, but it is convenient to group them. They are not available in Canadian manufactures so far as I am aware.

Mr. BENNETT: There is a great distinction between cotton and artificial silk.

Mr. DUNNING: Yes, but they must be of weft pile. The common factor is the cut weft pile.

Mr. BENNETT: The common denominator.

Mr. DUNNING: The reduction will be from 15 to 5 per cent.

Mr. BAKER: Are these goods not manufactured in Woodstock, Ontario?

Mr. DUNNING: I have no knowledge of them being manufactured anywhere in Canada.

Item agreed to.

Customs tariff—523f. Woven fabrics of cotton, not coloured, when imported by manufacturers of typewriter ribbon for use exclusively in the manufacture of such ribbon in their own factories: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—525. Woven fabric, wholly of cotton, specially treated and glazed, when imported by rubber manufacturers for use in their own factories, exclusively as a detachable protective covering for uncured rubber sheeting: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—528. White cotton bobinet, plain, in the web: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—529. Embroideries, lace, nets, nettings, bobinet, n.o.p., fringes and tassels, wholly of cotton: rate of duty, 20 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—529a. Lace and embroideries, wholly of cotton, not coloured, imported by manufacturers for use exclusively in the manufacture of clothing, in their own factories: rate of duty, 7½ per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—530. Lace and embroideries, wholly of cotton, coloured, imported by manufacturers for use exclusively in the manufacture of clothing, in their own factories: rate of duty, 7½ per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—532. Clothing, wearing apparel and articles, made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly of cotton, n.o.p.; fabrics wholly of cotton, coated or impregnated, n.o.p.: rate of duty, 25 per cent.

Mr. WARD: Is not 25 per cent a high rate of duty as between Canada and Great Britain? I am disappointed that there should be this high rate on clothing and wearing apparel.

Mr. DUNNING: In respect of this item, one and a half cents per pound duty was removed in the last budget, irrespective of the agreement feature. The imports from Great Britain of cotton clothing, the completed article, are not and cannot be very great because of the style factor. The important import from Great Britain in connection with cotton and artificial silk is not the completed article, but the fabrics and the yarns that go to make up the fabrics. My hon. friend will see, if he looks at the items we have passed, that with respect to the fabrics and the yarns low duties prevail. They are the commodities that come in. The style factor enters in connection with the intermediate tariff much more largely than under the British preferential tariff for the reason that we have an affinity with the United States in matters of style, particularly with regard to women's cotton and silk clothing represented by the item now before us.

Mr. WARD: That is very good as far as it goes, but does not this 25 per cent protect the Canadian manufacturer to that extent and enable him to charge that much more? If the farmers, the fishermen, the miners and others engaged in the primary industries are to survive they must be enabled to buy, in the lowest possible markets, their textiles, boots and shoes, machinery and all the material that is necessary in the processing of our natural resources.

When we sell our goods in the markets of the world we have to meet competition from countries where there is a low standard of living and a low scale of wages. That, at any rate, is what we have been told; that is what is so loudly proclaimed in this house by those who speak for the manufacturers. Daily they remind us that the manufacturers are in danger of being put out of business and that our workmen may lose their homes and suffer a reduced standard of living if we lower the tariff. Well, is not the farmer in the same position? He must compete in the markets of the world over which he has no control, and must sell his products in competition with the very countries in which we are told these very same conditions exist. But when he comes to buy his requirements he buys in a market never less than fifty per cent above the price at which the same goods could be purchased in the markets of the world. He is at a tremendous disadvantage. But apparently the noisy crowd we have from Toronto and other manufacturing centres have got the ear of even our good one-time free trader in the person of the Minister of Finance. I do suggest that the free traders and those representing the agricultural areas of Canada must express more vigorously the views of the people they represent. It seems to me that a duty of 25 per cent between Canada and Great Britain is entirely too high.

Mr. MacNICOL: You have far too much influence in this house now.

Mr. ROSS (Moose Jaw): What was the tariff in 1930 under this item?

Mr. DUNNING: In May 1930 the duty on this item was 22½ per cent, and in September it was increased to 25 per cent, plus 3 cents per pound. The specific duty was eliminated at the last session.

Mr. BENNETT: It was cut in two first.

Mr. DUNNING: Yes. It was reduced in 1935 to 1½ cents per pound and the specific was eliminated altogether at the last session of parliament. I appreciate all that my hon. friend (Mr. Ward) has said, but I wish he would not suggest that I have ever at any time been a free trader. I am not and never have been and I do not believe such a policy practicable for Canada. I believe there is only one member of the house who really does believe that.

Mr. DEACHMAN: I would point out to my hon. friend, although he may not be a free trader and possibly has no desire to preach tariff protection now, that the present item really constitutes an increase in protection, because certain items that form the raw materials of our clothing manufacturers have been reduced. The net protection therefore is now higher than it was before this budget was brought down.

In May, 1930, this item stood at 22½ per cent. It now stands at 25 per cent, with reduced duties on certain of the raw materials. There is another factor to be considered, however. I believe there has been some progress in industry since 1930, and the result of the mechanization of industry is to reduce the percentage of wage cost and to increase the capital cost.

We are always told that the protective tariff is for the purpose of protecting the poor working man. If any hon. members have not heard that before, let them listen to the member for Davenport and they will hear it.

Mr. MacNICOL: The hon. gentleman heard it in Hamilton.

Mr. DEACHMAN: Well, if my hon. friend was not in Hamilton he must have found out anyway that during the Liberal regime wages went up fourteen per cent, whereas during the regime of the high protectionist policy to which he is devoted wages declined sixteen per cent, and still he votes for protection. The question I asked the minister was: Is this clearly an item on which the effective protective rate is increased?

Mr. BENNETT: Of course it is.

Mr. DEACHMAN: The raw materials are reduced, but in this item there is an increase in the effective rate of protection. While my hon. friend admits he is not a free trader, and while I with equal frankness say emphatically I am, I do not think my hon. friend will admit that he is a high protectionist.

Mr. DUNNING: Not for a moment.

Mr. DEACHMAN: Yet that rate stands higher to-day than in 1930, and very substantially higher when all the relevant circumstances are taken into account.

Mr. WALSH: Is the 3 per cent also added to this?

Mr. DUNNING: No.

Mr. WALSH: The 3 per cent would represent a further concession, would it not?

Mr. DUNNING: There is no 3 per cent excise tax with respect to importations from Great Britain.

Mr. WALSH: But with respect to these goods manufactured in Canada there is?

Mr. DUNNING: No, it is a duty on imports entirely, but it does not apply to British imports.

Mr. ROSS (Moose Jaw): It is just an additional tariff.

Mr. WALSH: The item represents a reduction then?

Mr. DUNNING: No. There was a reduction last year. The item has stood exactly as it is since a year ago.

Mr. WALSH: And the minister has had no complaints from any of the textile mills?

Mr. DUNNING: The textile mills are not affected by this item. This affects the manufacturers of clothing, not the textile mills.

Item agreed to.

Customs tariff—ex 532. Handkerchiefs, wholly of cotton: rate of duty, 15 per cent.

Mr. DEACHMAN: This item illustrates what I suggested a moment ago. This has been brought down from 25 to 15 per cent, I understand?

Mr. DUNNING: Yes.

Mr. DEACHMAN: Here is an item which is the raw material of manufacturing, cotton fabric for covering books—

Mr. DUNNING: My hon. friend is on the wrong item. This is a reduction on your handkerchiefs.

Item agreed to.

Customs tariff—ex 532. Woven fabric, wholly of cotton, for covering books: rate of duty, 15 per cent.

Mr. DEACHMAN: On this item there has been a straight reduction of 40 per cent in the tariff for the advantage of the Canadian manufacturer. But as I pointed out in regard to the item of clothing, which is wholly a consumers' item, no reduction has taken place. There is an increase of protection.

Mr. DUNNING: If my hon. friend had listened to me when I described the effective competition, and if he will look at the budget resolutions, he will find that that very item comes back again from the consumers' point of view in the budget resolution which we shall reach by and by.

Mr. DEACHMAN: Our attention was called this afternoon to the fact that we are discussing the items as they appear, and I am dealing now with the item here, following that suggestion.

Mr. DUNNING: If my hon. friend would not argue from the particular to the general he would be right. But if he is going to argue from the particular to the general he must embrace in his discussion what is being done both in the Canada-United Kingdom trade agreement and in the budget resolution, from the point of view of the consumer.

Mr. DEACHMAN: Then may I discuss the two?

Mr. DUNNING: Just in the interest of understanding what I am trying to do.

Mr. DEACHMAN: I have not yet had an explanation from the minister why an item which is wholly for the use of the manufacturer should be reduced, while a substantial consumers' item remains higher than in 1930.

Mr. DUNNING: If my hon. friend will come back to this on the budget item, we shall be able to consider the whole matter together much more intelligently.

Mr. DEACHMAN: My difficulty is that we do not come back to this in the budget items. I cannot find it there.

Mr. DUNNING: I assure my hon. friend it is there; page 9 of the ways and means resolution, item 532, clothing, wearing apparel, et cetera.

Mr. McDONALD (Souris): I should like to ask our protectionist friends whether it is not true that on all goods which they export from this country they get a drawback of the duties paid on the raw material. If that is true, can they blame us who represent rural constituencies for wanting to get our goods and implements of production as cheaply as we can so that we can meet competition in the outside market? I see here that there are lower duties on raw materials, but on finished articles the duty is not nearly so low.

Mr. WALSH: I want to come back to that excise tax. A certain quantity of these goods is manufactured in Canada. In order to manufacture them raw material is imported. When the manufacturers import their raw material I presume they pay the 3 per cent excise tax.

Mr. DUNNING: Not from Great Britain.

Mr. WALSH: But if they import their raw material say from the United States, if it happens to be raw cotton, or from Egypt, the 3 per cent excise tax is charged?

Mr. DUNNING: Provided the importation is from a foreign country; not from Great Britain.

[Mr. Deachman.]

Mr. WALSH: And that goes into the cost. So that when you have a duty of say 25 per cent you have to bear in mind that in Canada the manufacturers also have to pay an excise tax of 3 per cent, which probably the manufacturer in the other country has not to pay, so the 3 per cent is a factor that we have to bear in mind.

Item agreed to.

Customs tariff—537. Rovings, yarns and warps, wholly or in part of vegetable fibres, not more advanced than singles, n.o.p., not to contain silk, artificial silk nor wool: rate of duty, 12½ per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—537a. Rovings, yarns and warps wholly or in part of vegetable fibres, including yarn twist, cords and twines generally used for packaging and other purposes, n.o.p., not to contain silk, artificial silk nor wool: rate of duty, 17½ per cent.

Mr. DUNNING: A reduction in rate from 20 per cent to 17½.

Item agreed to.

Customs tariff—537b. Linen thread, for hand or machine sewing: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—537d. Rovings, yarns and warps, wholly of jute, not more advanced than singles, n.o.p., not to contain silk, artificial silk nor wool: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—537e. Rovings, yarns and warps wholly of jute, including yarn twist, cords and twines generally used for packaging and other purposes, n.o.p.: rate of duty, 25 per cent.

Mr. DUNNING: There is a reduction in rate from 27½ to 25 per cent.

Item agreed to.

Customs tariff—539. Cordage, exceeding one inch in circumference, wholly of vegetable fibres, n.o.p.: rate of duty, 17½ per cent.

Mr. DUNNING: There is a reduction in rate from 20 to 17½ per cent.

Item agreed to.

Customs tariff—ex 540. (a) Woven fabrics, in the web, wholly of flax or hemp, not to include towelling and glass cloth of crash or huck, with or without lettering or monograms woven in, nor table cloths and napkins of crash with coloured borders: rate of duty, free.

(b) Articles wholly of flax or hemp, such as sheets, pillow cases, table cloths and napkins, towels and handkerchiefs, but not to include towels or glass cloths of crash or huck, with or without lettering or monograms woven in, nor table cloths and napkins of crash with coloured borders: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—541a. Woven fabrics, wholly of jute, n.o.p.: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—541d. Canvas in the web, wholly of flax or hemp, or both, plain woven, not coloured, not further manufactured than impregnated with weatherproofing or preservative materials, suitable for manufacturing into tents, awnings, tarpaulins, hatch covers and similar articles, weighing not less than 18 ounces and not more than 26 ounces per square yard: rate of duty, 15 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—542. Woven or braided fabrics not exceeding 12 inches in width, wholly or in part of vegetable fibres, and all such fabrics with cut pile, n.o.p., not containing silk, artificial silk nor wool: rate of duty, 20 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—542a. Woven or braided fabrics not exceeding 12 inches in width, wholly or in part of vegetable fibres, n.o.p., not to include silk, artificial silk nor wool: rate of duty, 22½ per cent.

Mr. DUNNING: There is a reduction in rate from 25 to 22½ per cent.

Mr. SPENCE: It is just interference.

Item agreed to.

Customs tariff—542b. Linen fire hose, lined or unlined: rate of duty, 15 per cent.

Mr. DUNNING: There is a reduction in rate from 25 to 15 per cent.

Mr. DEACHMAN: Are these goods made in Canada?

Mr. DUNNING: Yes, there is one producer in Canada.

Item agreed to.

Customs tariff—547. Bags or sacks of hemp, linen or jute: rate of duty, 15 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—548. Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of vegetable fibres but not containing wool, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of vegetable fibres but not containing silk, artificial silk nor wool, n.o.p.: rate of duty, 25 per cent.

Mr. DUNNING: There is a reduction in duty. The present rate is 25 per cent plus 3 cents per pound; the specific duty of 3 cents per pound is being taken off entirely.

Mr. DEACHMAN: What was the rate under this item in the tariff of May, 1930?

Mr. DUNNING: It was 22½ per cent against Great Britain in 1930.

Mr. WARD: To satisfy my curiosity, would the minister tell us what this clothing is that is made from woven fabrics composed wholly or in part of vegetable fibres?

Mr. DUNNING: These are mixtures. Here are a few of the commodities: collars and cuffs composed of vegetable fibre; quilts, counterpanes, and so on; handkerchiefs wholly of hemp, flax or vegetable fibre; clothing and wearing apparel; diapers; textile manufactures generally, of vegetable fibre.

Mr. WARD: I protest; I think the duty is entirely too high.

Mr. DUNNING: Well, we are taking off 3 cents a pound.

Mr. WARD: Of course the duties imposed from 1930 to 1935 were so extreme that we should not compare this Liberal policy with the policy in effect during those years, which was so ruinous to most of the people in this country. I see the hon. member for Waterloo South (Mr. Edwards) in his seat The other day he told us about the number of additional employees who were put to work in Kitchener following the higher tariffs imposed by the previous government. He did not tell us, however, that from 1930 to 1933 the woollen manufacturers of Kitchener were able to buy their wool for just 33⅓ per cent of what that wool cost in 1929, though in 1933 woollen fabrics were 92 per cent of the price of 1929. They were buying their raw material at one-third the former cost and selling the finished article at almost one hundred per cent of the previous price. The hon. member did not tell us those things, nor did he tell us that wages were not maintained in Kitchener at the 1929 level.

Mr. EDWARDS: My hon. friend will have to absolve me from blame; I did not know anything about Kitchener. If he will confine himself to South Waterloo I may answer him.

Mr. WARD: My hon. friend is not very far from Kitchener.

Mr. ROSS (Moose Jaw): I agree entirely with the hon. member for Dauphin, and I want to tell the Minister of Finance that he made a slight mistake a moment ago. I do not pretend to be as apt an exponent of free trade as my hon. friend from Huron North, but I believe in it as sincerely as he does, and I consider the tariffs contained in this budget, not only against Great Britain but against other countries as well, far too high in many cases and they should be lowered.

Mr. WALSH: The more I listen to the arguments on the other side of the house the more sympathy I have for the Minister of Finance.

Mr. DUNNING: I do not need it.

Mr. WALSH: Last evening we listened to a suggestion from another minister with regard to the political pressure that was brought to bear on him in connection with a certain measure that was to come before the house. To-night we see the Minister of Finance somewhat harassed by his own supporters.

Mr. DUNNING: Oh, no; not at all.

Mr. WALSH: They are arguing for a policy of free trade, and they are supporters of the government which is responsible for this budget. Is the Liberal party in Canada a homogeneous party or is it a party made up of members who seek to be elected on their individual records as free traders, protectionists and what not?

Mr. BENNETT: Mostly what nots.

Mr. WALSH: The Minister of Finance has brought down a budget imposing certain duties. If my hon. friends from the west would go to industrial centres like Cornwall and similar places, where the people are dependent on industry for their very existence, or speak even to the farming communities in the terms that they have used in this house, I am afraid they would sound the death knell of the Liberal government in this country. I have every sympathy for our western friends, and I do not say that as a platitude. I recognize the fact that the west is growing a product which it has to sell in the world markets, and certainly I would give every assistance possible to enable our farmers to trade in that market to the best advantage.

But I ask my hon. friends to be a little sympathetic to those of us in the east who have been associated with industry all our lives. I ask them to show a little consideration for the working men in our factories and for the farmers who are dependent upon these centres of population. That is all I am asking. I am not asking for high protection; I am not a high protectionist. I believe in protection just sufficient to enable an industry to earn a reasonable profit and give employment to as many as possible. That is all I am arguing for in this house, and I would ask my hon. friends not to seek to establish themselves at the expense of entire communities in the eastern part of Canada. Be a little more sympathetic towards those who have to earn their living in factories and to the farmers who depend upon these factory workers for the marketing of their products.

I think there is a common basis on which we might work. I grant that in the past certain duties have been much too high. I am ready and willing to have those duties brought down to an equitable basis, but I am not willing on any class of goods that can be manufactured in this country to bring down the duty to a level that will force our industries to close. My hon. friends may think that on this side of the house we are exaggerating the picture. I am not exaggerating the picture when I tell the committee that already one industry in this country has closed, as a result of competition from across the border. As the Minister of Finance knows, two factories manufacturing velvet have had to close their doors, thereby putting men and women out of employment and on to the relief rolls. No wonder the Minister of Labour has to come to the house and report an increase of the numbers on relief, and an increase in unemployment. That is the reason for it.

Mr. GRAY: When did he do that?

Mr. WALSH: According to his own reports.

Mr. MACKENZIE (Vancouver): His last report was the very opposite.

Mr. WALSH: Look up the report for the month of February last and compare it with February of the previous year. Compare the actual conditions.

Mr. ROSS (Moose Jaw): Those employed in industry, or those on relief?

Mr. WALSH: The point I make is this: I am asking hon. members from the west to give the east a little more consideration. I feel they can do that without jeopardizing their own position, or their influence in their respective constituencies.

Mr. ROSS (Moose Jaw): Just a word in reply to the hon. member for Mount Royal.

Mr. SPENCE: Another free trader.

Mr. ROSS (Moose Jaw): Yes, and proud to be one, too. The hon. member intimates that by lowering the tariff we will put people out of work. So far in Canada we have never had a real demonstration of whether or not a lowering of the tariff will put people out of work, but we certainly have had one which has proved conclusively that the more you raise the tariff the more people in industry you put out of work. In 1930 the present leader of the opposition went from one end of Canada to the other and told the people that he would make the tariff fight for them, that it would get them jobs.

Mr. MacNICOL: And he did.

Mr. ROSS (Moose Jaw): All we have to do is look at the records, and we find that from year to year as the tariff went up, employment in industry went down. At the same time there was a decrease in the amount of wages paid in industry, and the amount paid to each person declined. Hon. members need not tell us that we are endeavouring to ruin Canadian industry by lowering the tariff, because every time tariffs have been lowered in Canada, Canadian industry has employed more people and paid more wages. Those are the facts.

Mr. EDWARDS: Does that apply to the furniture industry, too?

Mr. ROSS (Moose Jaw): What we want is a demonstration—it is what we would like to have—of what lowering the tariffs in a substantial way would do towards building up industry in eastern Canada, giving more people employment, and giving them more money for the work they do in industry.

Mr. SPENCE: Why don't you be fair, and admit that in the last five years there was a depression.

Mr. THORSON: Mr. Chairman, a moment ago the hon. member for Mount Royal (Mr. Walsh) made a statement to which I wish to take exception. He spoke of the agricultural population as being dependent upon persons engaged in industry. It is time the people of Canada came to a proper realization of the attitude that ought to be adopted towards the real wealth of this country. I make the statement, without fear of successful contradiction, that industry in Canada depends upon agriculture, has always depended upon it, and will always depend upon it. Ever since the beginning of the industrial revolution, industry has depended upon agriculture.

Mr. BAKER: And agriculture upon industry.

Mr. THORSON: It would not have been possible to bring about the industrial revolution had it not been for the fact that in other parts of the world there were large areas capable of producing surplus foods and raw materials. That made possible the division of labour that took place and the increase of wealth throughout the world that resulted from that division of labour. The industrial revolution could not have taken place in Great Britain if it had not been for the fact that in this new world there were large areas capable of producing surplus foods and raw materials. Ever since that time industry has depended upon agriculture and upon those primary industries that are concerned with the production of primary products, whether food or raw materials. I believe this country ought therefore to come to a proper realization of the kind of tariff and fiscal policy which it ought to follow.

During the previous regime a totally different attitude was adopted. It was urged that by raising the tariffs and making our manufactured goods in Canada we could solve our unemployment problem, but there was a complete failure of these policies. I think the time has now come when this country should adopt policies that will increase our real wealth. Our real wealth consists of our primary production, but that wealth is of no value to the people of Canada unless we devise policies which will put it into circulation. We cannot put our basic wealth, the primary production of Canada, into circulation unless we are prepared to buy manufactured goods from abroad. The sooner we learn that lesson the better for the whole of Canada; for by that method we will increase our total wealth, we will increase the purchasing power of our primary producers, and they will be better able to buy the manufactured goods of those who are engaged in the secondary industries.

Those of us who believe in a policy of lower tariffs do not wish to harm industry. We believe there is a certain value in having diversified occupations in this country, and we are prepared to pay a certain price for the benefit of such diversified occupation. But we are not going to pay too big a price. We have been paying much too big a price in the past. I suggest that the hon. member for Mount Royal looked at the picture from the wrong end. When he spoke of agriculture being dependent upon industry he saw the picture in reverse for, in my opinion, industry depends upon agriculture. Indeed, the whole of Canada depends upon the welfare of those who produce our basic wealth. That basic wealth is the primary production of Canada.

Mr. WALSH: Coming back to the item under discussion may I say that with the greater part of what the hon. member for Selkirk has said I find myself in complete agreement. I recognize the value of primary industry in any country. I do not seek to place emphasis wholly upon secondary industry for the development of our country. But I was earnestly asking our western friends to recognize the fact that there is a secondary industry in Canada, and that that secondary industry must be protected if it is to survive. If the item under discussion carries too high a tariff, then the Minister of Finance and the officials in his department are in a better position to know that fact than any hon. members sitting to the right or the left of Mr. Speaker.

I feel perfectly confident that no minister of finance will seek at any time deliberately to injure any industry in this country. I have confidence that no minister of finance will seek to grant such protection to the secondary industries of this country as to enable them to make excessive profits. In erecting a tariff structure it is difficult to avoid going too far in one direction or the other. What we should seek to do is to find the happy medium where industry would receive that amount of protection which would guarantee its existence.

I want my hon. friends from the west to realize that there is no one in the east who does not recognize the value of the western farmer, or the value of the farming population of this country. The secondary industries are dependent upon the purchasing power of those engaged in the primary industries, just as they are dependent upon reasonable tariffs. If the secondary industries had not the purchasing power of those engaged in the primary industries, they could not survive no matter how much protection they were given. They are absolutely dependent upon two factors. First, the purchasing power within the country, a large part of which is in the hands of those engaged in primary industry; and second, a measure of protection, not necessarily high. They should be given sufficient protection to enable them to manufacture the implements necessary to those engaged in the primary industries for the carrying on of their operations effectively and cheaply.

I hope I have made myself abundantly clear. I am not asking the minister to raise one item; I am simply pointing out the danger of going so low as to squeeze some industries out of existence. I have a letter before me—no doubt the minister has a copy on his file—which states that two companies have been forced to close their doors. This action was not necessary because the duty was placed too low, but because certain industries in another country are taking advantage of the regulations in order to bring goods into this country.

Mr. THORSON: What country does the hon. member refer to?

Mr. WALSH: The United States. They are dumping first-class goods into this country by stating that they are seconds. In that way the goods are brought in at a lower valuation. The velvet industry may not make very much profit, but it can survive if the competition is fair. But in this instance the competition is not fair. I think the minister should endeavour to get these duties set at a point where the manufacturer can exist, and where they will be fair to those engaged in primary industry. I am ready to assist him as much as I can in that particular objective.

Mr. DUNNING: Now that there has been a general discussion, I wonder if we could again abide by the rules in committee and discuss only the item before the chair. We are supposed to be dealing with item 548.

Mr. GLEN: Mr. Chairman, I think the latitude which has been allowed to-night with regard to the discussion of free trade and protection might well be allowed in connection with this item. When I listened to the hon. member for Mount Royal (Mr. Walsh) speak to-night I could not help but think of the many complaints I have received from farmers in the west. He spoke of two companies which had been put out of business, but I can tell him of two thousand farmers who have been put out of business during the last six years. In my business I meet men every day who complain about the high protection and the discrimination against the west in favour of the industries in the east against which they have to contend. The hon. member stated quite reasonably that he is not in favour of increased protection, but I wonder if he remembers the remarks which have been made by some of his colleagues. Only the other day the hon. member for Greenwood (Mr. Massey) referred to the bonus given to the farmers as a dole. If the hon. member did not hear that, I can assure him it was said.

Mr. BENNETT: It was said that industry in this country was on the dole.

Mr. GLEN: The kind of speech we have just listened to from the hon. member for Mount Royal is just the sort of thing that creates friction between the east and the west.

Mr. BENNETT: The statement was that industry was on the dole.

Mr. GLEN: That was not the statement made by the hon. member. He said that we were willing to accept these doles. The farmers of the west are given some consideration in the sale of their grain, and then we find members of the Conservative party complaining that we are getting a dole. We are not getting a dole, we are simply getting the consideration in the sale of our wheat which we never had before.

Mr. WALSH: Would the hon. member quote from Hansard rather than put words into the mouth of an hon. member who is not present?

Mr. GLEN: At the moment I cannot give his exact words, but that is the meaning of his words.

Mr. BENNETT: That is a vastly different thing. The hon. member has no right to make such a statement.

Mr. GLEN: That remark was made in reply to the hon. member for Moose Jaw (Mr. Ross). That remark just bears out the feeling in the west with regard to the protection given to the central provinces. I can remember the leader of the opposition (Mr. Bennett) saying that when he got into power there would be a scientific reduction of the tariff. All the scientific reduction we got was a raise to the high heavens. As I said before, it is this kind of talk that is creating dissension in the west. People in the west, and in the maritimes if you like, feel that they should receive the same treatment as the central provinces. From 1930 to 1935 the industries of this country received considerable benefits from this government, and surely the time has come when the west should have its share.

Some people complain that there are no free traders in this parliament. There are plenty of free traders. The Liberal government was elected on a policy of lower tariffs, and we feel that effect should be given to this policy. That is what those of us who have thought over the matter believe should be done. We contend that in lower tariffs is to be found a solution for the unemployment problem. We do not believe for one moment that industries are likely to suffer. The time has come to give a demonstration of what freer trade and lower tariffs mean to this country, after the experience we have had under protectionism.

Item agreed to.

Customs tariff—ex 548. Woven dress linens containing not more than 15 per cent by weight of cotton yarns for decorative effect: rate of duty, free.

Mr. DUNNING: On woven dress linens, the whole item is made free. I think it might have left a rather better taste in the mouths of some hon. members who have just spoken if we had then been discussing the present item.

Mr. DEACHMAN: Is the product made in Canada?

Mr. DUNNING: So far as I know, no. There is the question of the combination of linen and cotton, which may involve some mixed cotton production.

Item agreed to.

Customs tariff—549c. Haircloth, composed of horse hair in combination with any vegetable fibre: rate of duty, free.

Mr. DUNNING: There is a reduction in the rate for haircloth for those who desire to wear it.

Item agreed to.

Customs tariff—551. Yarns, composed wholly or in part of wool or hair but not containing silk or artificial silk n.o.p.: rate of duty, 15 per cent, and, per pound, 6 cents.

Item agreed to.

Customs tariff—551a. Yarns and warps composed wholly of wool or in part of wool or hair, imported by manufacturers for use exclusively in their own factories, n.o.p.: rate of duty, 10 per cent, and, per pound, 5 cents.

Item agreed to.

Customs tariff—551c. Yarns and warps, composed wholly of hair, or of hair and any vegetable fibre, imported by manufacturers for use in their own factories: rate of duty, free.

Item agreed to.

Customs tariff—552. Felt, pressed, of all kinds, in the web, not consisting of or in combination with any woven, knitted or other fabric or material: rate of duty, 15 per cent, and, per pound, 5 cents.

Mr. WARD: What are these?

Mr. DUNNING: The specific duty of 7½ cents per pound, is reduced to 5 cents per pound. The ad valorem remains as it is. The production in Canada of felt goods involved includes hair felt, shoe felt, woollen and cotton felt, paper-makers' felt, harness felt, padding, insoles, and then there is a miscellaneous item. The ad valorem incidence of the double duties following the deduction for direct shipment was practically 20 per cent.

Mr. WARD: I am informed by those who should know, men engaged in the paper-making industry of Canada—

Mr. BENNETT: The question is, do they know?

Mr. WARD: —that felt manufacturers in Canada are exporting these felts for paper-making to Sweden and selling them at the present time at just half of what they are being sold for in Canada. If that is so, while manufacturers were complaining only a short time ago about the dumping of goods in this country, here are our own Canadian manufacturers dumping in the far away country of Sweden, I am told, at just half the price they charge paper-makers in Canada.

Mr. CASSELMAN: What evidence have we of that fact?

Mr. DUNNING: I am interested in the information that the hon. member has. Perhaps he will give it to me in greater detail and let me check up on it. I should be surprised to learn that these felts are being sold by Canadian manufacturers in Sweden at half the price at which they are sold to our own paper-makers, who, I know, are pretty close buyers.

Mr. McCANN: The information that has just been given with reference to felts is, I believe, hardly correct. In my constituency, Kenwood Mills Limited are large manufacturers of the felts used in paper mills. It is true that they export a considerable quantity to the United Kingdom, and I understand that this lowering of the tariff will not hurt them in the least. They have as large a business in this country as they can carry on, and in addition they ship a very considerable quantity to British manufacturers for paper-making purposes. I can hardly believe that they are not more astute than to sell to Sweden at fifty per cent of what they can get for the felts in this country, when they are rushed night and day in manufacturing for our own and British use.

Item agreed to.

Customs tariff—553. Blankets of any material, not to include automobile rugs, steamer rugs, or similar articles: rate of duty, 20 per cent, and, per pound 5 cents.

Mr. DUNNING: This is a reduction in rates on blankets from 22½ per cent and 10 cents a pound to 20 per cent and 5 cents per pound.

Mr. DEACHMAN: Can the minister give us the ad valorem equivalent of these two rates?

[Mr. Dunning.]

Mr. DUNNING: You want the ad valorem incidence of the combined duties?

Mr. DEACHMAN: Yes.

Mr. BENNETT: It depends on the value of the blanket, of course.

Mr. DUNNING: It is very difficult to generalize.

Mr. DEACHMAN: The average could be taken on the total importation of blankets.

Mr. DUNNING: The total duties paid, after allowing for the direct shipment discount, were very close to $100,000 on an invoice value of $250,000. It will be understood, of course, that necessarily I am generalizing.

Mr. BENNETT: That is forty per cent.

Mr. DUNNING: Thus the ad valorem incidence of the double duties was about 40 per cent.

Mr. DEACHMAN: That is the average?

Mr. DUNNING: That is the average.

Mr. BENNETT: We import only a certain kind of blanket into this country.

Mr. DUNNING: Upon last year's values the new combination duties will yield about 23 per cent on the average, as near as we can ascertain. Sometimes it is a little misleading to take an average with respect to articles covering a wide range of values.

Mr. BENNETT: What was the rate in May, 1930?

Mr. DUNNING: Ad valorem rates have been unchanged since 1928. That is to say, the present ad valorem is below the rates in force in May 1930. The specific duties were first added in September 1930, at 20 cents under the British preference and reduced from 20 to 10 cents following the conference in 1932. That 10 cents is now cut by this agreement to 5 cents specific, and the ad valorem rate is reduced to 20 per cent.

Mr. BENNETT: It is still higher, though, than it was in 1930.

Mr. DUNNING: If the average is correct in its application to ad valorem and specific combined, it will be just about the same as it was in 1930.

Mr. DEACHMAN: Can the minister give the percentage of wage cost in the production of blankets? I believe that in respect to this item the figures will be available to him. I have contended that that information should be given in respect to all these items so that we can see it before we discuss the items in

the house. For instance we might find out that the wage cost in this item is approximately 25 per cent. Suppose that were true, I should like to submit to the hon. member for Mount Royal (Mr. Walsh) this question: If the wage cost in the production of blankets is 25 per cent of the selling price of the blanket, how much then does he think would be an adequate gift from the gentlemen of western Canada to the manufacturers of eastern Canada in connection with the protection of that item?

Some hon. MEMBERS: Carried.

Mr. DEACHMAN: Has the minister the information available?

Mr. DUNNING: I have not the information regarding wage costs in the manufacture of blankets. Indeed I think it would be very difficult to get at it accurately, because many of the plants manufacturing blankets are manufacturing other articles as well. I doubt very much whether it would be possible to split up the labour cost in very many of the mills that manufacture, among woollen commodities, blankets and other items. I do not believe I have any approximation of it.

Mr. DEACHMAN: Can the minister give the total for the woollen industry?

Mr. DUNNING: I want to give the hon. member what I have, but I doubt whether he can extract from it what he is seeking. The number of establishments manufacturing woollen cloth in 1934 was sixty-six, paying salaries of $4,730,000. There were thirty-four establishments manufacturing woollen yarns, with 2,464 employees, receiving $1,700,000 in that same year. In carpets, mats and rugs, there were twenty-seven establishments, paying wages of $995,000. In woollen goods not elsewhere specified, in which from the bureau of statistics point of view blankets would be included, there were twenty-four establishments, paying wages of $1,033,000. As regards the total of woollen textiles, I am always a little suspicious of the separation which I have just given because I do not think it is possible statistically to take accurate account of the overlapping of various products in one establishment.

Mr. BENNETT: Not unless you have separate cost sheets.

Mr. DUNNING: Unless there are separate cost sheets; and anyone who looks into the industry knows that it is all but impossible in a number of smaller establishments to get that information. The total in woollen textiles in 1934 was 151 establishments. This is apart from the hosiery and knitted goods. These 151 establishments employed 10,636 people, and paid $8,459,000 in wages. The only comparable item in the other statistical record—I know that my hon. friend is familiar with these statistics, much more so than I am—is a table of costs of materials used, gross value of production, and value added by manufacture. He is familiar with that, but I do not know whether it will help him to get the information he wants.

Mr. BENNETT: That is given in the year book for the whole of Canada.

Mr. DEACHMAN: Can the minister give me the total production of woollen goods? He has given the wages and salaries for the item in connection with which he mentioned $8,459,000.

Mr. DUNNING: The total production of that classification apart from hosiery and knitted goods?

Mr. DEACHMAN: Yes.

Mr. DUNNING: The value at factory of total production in the woollen textile industries was $33,872,000 in 1934. I am not sure that that does not include some overlapping into the knitted goods. We have attempted to show them separately, and that is the closest I can come to it.

Mr. DEACHMAN: It is twenty-five per cent.

Mr. BENNETT: The classification covers all woollen goods. Wages did not cover the whole but only part of it; and speaking from memory, my recollection is that the year book gives a higher figure than that.

Mr. DUNNING: These are year book figures.

Mr. BENNETT: The minister has given the total woollen textiles as $33,000,000. The classification for wages is not the total for the woollen textile industry. I have the figures.

Mr. DUNNING: I could perhaps arrive at a more accurate conclusion by giving the total of woollen and knitted goods; that would eliminate any possibility of overlapping between the two classifications. There are 28,614 employess in this whole schedule, and salaries and wages are $22,025,000. If I turn over the page and give the total including knitted goods, in 1934 the value at factory of all the products is $33,872,000, plus $4,085,000 for woollen hosiery, plus $1,635,000 for underwear. So that if we add together these figures—$33,000,000 odd, $4,000,000 and $1,600,000—we arrive at a total value of production at

factory of $39,000,000 as against a total wage cost of $22,025,000. That being the total, there can be no overlapping with any other industry. At any rate there is none so far as I know, speaking offhand.

Mr. HEAPS: I understand that a few years ago the tariff board made an exhaustive investigation into the question of labour costs in the textile industry. Will the minister be good enough to give us some information in this regard when the item comes up under the general budget schedules? I do not think that these general figures give a really accurate idea of the situation.

Mr. DUNNING: I am afraid that information such as my hon. friend refers to, based on that investigation by the tariff board, would be quite out of date if he has in mind the rates of wages and so on prevailing at that time and as indicated in that report. However, I shall be glad to have the matter examined prior to taking up the general tariff items to see whether I can give information that will satisfy the hon. gentleman.

Mr. HEAPS: I do not believe that this investigation by the tariff board would be out of date to-day.

Mr. BENNETT: The evidence presented to the Turgeon commission contains some information on that point.

Mr. DUNNING: Yes, possibly. I should say to the hon. gentleman that the report to which he refers was made in 1935, and it covered the situation as it existed in 1933 and 1934. I will bring it down for what it is worth.

Mr. HEAPS: I should like to have more than the wage scale, because the wage scale does not give the labour content accurately in a yard of goods. Taking similar types of goods, I want to be able to find out if I possibly can the difference in labour content between a yard of goods produced in Canada and a yard produced in the United States, also in Great Britain.

Mr. DUNNING: My hon. friend is aware that in the report in question the tariff board practically gave up all hope of arriving at accurate information with regard to the point to which he refers. They did not regard it as possible because of the very wide ramification of differences between a yard of one material and a yard of some other material, however closely the two might be related from the standpoint of the user and from the standpoint of production costs.

[Mr. Dunning.]

From the standpoint of production costs, if my hon. friend looks up the report in question he will find that the board pointed out the great difficulty in arriving at accurate information, in regard to each class of goods, of the weight and value of the raw material entering the finished product in relation to the labour cost. If I remember aright, the board's report indicated that about 140 separate classifications would be involved for yarn alone on the basis of count. It is a most complex question. But I shall be glad to furnish the report of the board; in fact, it is available to my hon. friends now; it is part of the records of the house.

Mr. BENNETT: When I made the reference to the 198th day of the Turgeon inquiry, of course it has not reached the 198th day; but in the brief that was filed, and in the oral presentation made between reading chapters from Adam Smith and John Stuart Mill by Mr. McRuer, there was a statement in respect to labour cost in connection with the production of cotton and other textiles. I do not know that it is of any particular value, but at least it is there and in the brief filed by Mr. Kellock on behalf of the textile industry. The matter was there gone into at some length.

Mr. DUNNING: But they disagree with each other very widely.

Mr. BENNETT: Naturally.

Item agreed to.

Customs tariff—554. Woven fabrics, composed wholly or in chief part by weight of yarns of wool or hair, not exceeding in weight six ounces to the square yard, n.o.p., when imported in the gray or unfinished condition, for the purpose of being dyed in Canada: rate of duty, 17½ per cent, and, per pound, 7½ cents.

Item agreed to.

Customs tariff—554a. Woven fabrics, consisting of cotton warps with wefts of lustre wool, mohair or alpaca, generally known as lustres or Italian linings, n.o.p.: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—554b. Woven fabrics, composed wholly or in part of yarns of wool or hair, n.o.p.: rate of duty, 22½ per cent and 12 cents per pound.

Provided, however, that the sum of the specific and ad valorem duties imposed by this item on imports under the British preferential tariff shall not be in excess of 50 cents per pound.

Mr. DUNNING: There is a reduction in rate from 27½ cent and 17 cents a pound to 22½ per cent ad valorem plus 12 cents per

pound, provided that in no case shall the sum of the two duties be in excess of 50 cents per pound.

Mr. MacNICOL: Is this the item covering filter cloth or wool for mines?

Mr. DUNNING: Not yet.

Mr. DEACHMAN: Will the minister be good enough to state the ad valorem equivalent of these two rates? I think the reduction is reasonably substantial, and I should like to have it on record.

Mr. DUNNING: The ad valorem incidence of the specific duty varies considerably of course according to the type of cloth, so that the net effect of the reductions cannot be easily seen. It can, however, be summarized accurately. For example, total duty on a 10 shillings per yard Yorkshire worsted is likely to be within 2 shillings, or 20 per cent, which compares favourably with our own—that is the British—import duties. The total Canadian duty on typically heavy woollens from the Dewsbury-Batley valley is under the new agreement likely to be still in the neighbourhood of 50 per cent.

That is the Yorkshire Post's view of the new duties from the export point of view; I give it without necessarily endorsing it. It is one view of the subject. There is a wide range of possible differences.

Mr. BENNETT: The only proof of the pudding is in the eating in these cases.

Mr. DUNNING: Yes, but the reduction is substantial.

Mr. BENNETT: It would be with someone suffering from dyspepsia.

Mr. DUNNING: I can give my hon. friend the combined weight of the duties bearing upon this item averaged under four headings of goods which come under the item, for two successive years. On flannels the total ad valorem incidence in 1935 was from 46 to 48 per cent, and in 1936 it was 46·3 per cent. On overcoatings the ad valorem incidence was 41 to 43 per cent in 1935, and 41·9 per cent in 1936. On tweeds the ad valorem incidence was 41 to 43 per cent in 1935, and 41·6 per cent in 1936. On worsteds and serges the ad valorem incidence of the combined duties was 36 to 38 per cent in 1935, and 37·4 per cent in 1936.

Mr. BENNETT: That is after the budget of 1936?

Mr. DUNNING: Yes. There were several factors operating to bring about the slightly lower ad valorem effects operative in 1936. In the first place, the specific duty was reduced under the budget of 1935 from 18¾ to 17 cents per pound. Secondly, under the same budget, there was inserted in the item a provision to the effect that in no case would the sum of the specific and ad valorem be in excess of 65 cents a pound. This provision would mean that on cloths costing $2 or more per pound the maximum duty could not be more than 32½ per cent ad valorem.

Thirdly, with a rising wool market and somewhat firmer prices generally, the incidence of the specific duty would be less marked than under the conditions prevailing in the preceding year.

To work out under the same four heads the ad valorem incidence combined of the new duties provided under the agreement, for flannels, it is 35·7 per cent.

Mr. BENNETT: On what basis of price? Because the rise of wool prices changed it.

Mr. DUNNING: On the average value per pound in 1936.

Mr. BENNETT: But that is wholly unfair.

Mr. DUNNING: That is the closest we can come to it. The rise was in 1935.

Mr. BENNETT: But the rise is now; it took place in the Australian wool crop.

Mr. DUNNING: It is taking place every day.

Mr. BENNETT: But the rise has been phenomenal; it is twice what it was the previous year on some classes of wool.

Mr. DUNNING: Twice what it was in 1935. Part of that increase is reflected in the figures I formerly gave. We cannot tell how much is there reflected; that is one of the difficulties in answering specific questions such as the hon. member for Huron North asked, because by the end of this year, dependent on the price of wool very largely, these figures may turn out to be quite an incorrect calculation of the incidence of the combined ad valorem and specific duties. But for what they are worth, and having regard to the qualification just made, I give them. On flannels, 35·7; on overcoatings, 32·7, on tweeds, 32·2; on worsteds and serges, 30 per cent.

Item agreed to.

Customs tariff—ex 554b. Filter press cloth of wool: rate of duty, 20 per cent.

Mr. MacNICOL: Is this the material used in the mines for filtering purposes?

Mr. DUNNING: No, this is not the cloth used in mining. There is a special item in the tariff for that. This is a new item for

filter press cloth of wool. Filter cloth made entirely from human hair is already enumerated in the tariff under item 549e. Filter cloth of wool up to the present time has been dutiable at 27½ per cent plus 17 cents per pound. Imports have not been separately recorded, nor is there any available data as to the value of Canadian production. It is known, however, that filter cloth of wool is manufactured in Canada. The proposal is to grant a rate of 20 per cent ad valorem, which is a reduction from 27½ per cent ad valorem plus 17 cents per pound specific.

Mr. LOCKHART: How much of that cloth came into Canada during the past year?

Mr. DUNNING: Unfortunately, this being a new item, there are no separately recorded statistics.

Item agreed to.

Customs tariff—554c. Woven fabrics, composed wholly or in chief part by weight of yarns of wool or hair, not exceeding in weight four ounces to the square yard, when imported in the gray or unfinished condition, for the purpose of being dyed or finished in Canada: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—554f. Woven fabrics, composed wholly or in part of yarns of wool or hair, commonly known as billiard cloth: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—555. Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of wool or similar animal fibres, but of which the component of chief value is not silk nor artificial silk, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of yarns of wool or hair, but not containing silk nor artificial silk, n.o.p.: rate of duty, 30 per cent.

Mr. DUNNING: There is a reduction in rate; the specific duty of 18¾ cents per pound is entirely eliminated. In future it will be a straight ad valorem duty, as is the case in all comparable items in other classes.

Mr. BAKER: In this class of items were the words "wholly or partially manufactured" previously included, or is that an innovation?

Mr. DUNNING: It is exactly the same designation.

Mr. BAKER: There will be no trouble in connection with the administration of such items? I thought there might be some danger of bringing in what might be called partially manufactured goods which might simply mean paying the duty practically on the value of the cloth alone. Is that not a new phrase?

Mr. DUNNING: No, it is not.

Item agreed to.

Customs tariff—556a. Melton cloth, imported by manufacturers of tennis balls for use in the manufacture of tennis balls, in their own factories: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—556b. Slipper cloth, woven, napped on one or both sides, wholly or in part of wool, not to contain silk or artificial silk, weighing not less than 22 ounces per square yard, when imported by manufacturers of indoor footwear, to be used exclusively in the manufacture of such articles in their own factories: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—557b. Garnetted material wholly of silk, artificial silk or similar synthetic fibres, produced by chemical processes, obtained by disintegrating cocoons, yarns or fabrics, prepared for use; filaments or loose fibres wholly of silk, artificial silk or similar synthetic fibres produced by chemical processes, not more advanced than in the form of sliver; waste portions of unused fabrics, wholly of silk, artificial silk or similar synthetic fibres, n.o.p., not to include remnants nor mill ends: rate of duty, free.

Mr. DUNNING: There is a reduction here from 5 per cent to free.

Item agreed to.

Customs tariff—558b. Rovings, yarns and warps, wholly of artificial silk or similar synthetic fibres, produced by chemical processes, not more advanced than singles, not coloured, with not more than seven turns to the inch, under such regulations as the minister may prescribe:

(a) Produced from cellulose acetate: rate of duty, 5 per cent.

(b) N.o.p.: rate of duty, 20 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—558c. Rovings, yarns and warps, wholly or in part of silk, n.o.p., including threads, cords or twist for sewing, embroidering or other purposes: rate of duty, 15 per cent.

Mr. DUNNING: There is a reduction from 17½ to 15 per cent.

Item agreed to.

Customs tariff—558d. Rovings, yarns and warps, wholly or in part of artificial silk or similar synthetic fibres, produced by chemical processes, n.o.p., including threads, cords or twist for sewing, embroidering or other purposes, not to contain silk; artificial silk yarns, wholly or partially covered with metallic strip, one pound of which shall contain not less than 10,000 yards; under such regulations as the minister may prescribe:

(a) Produced wholly from cellulose acetate: rate of duty, 7½ per cent.

(b) N.o.p.: rate of duty, 25 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—558f. Rovings, yarns and warps, wholly of spun artificial silk or similar synthetic fibres, produced by chemical processes, not coloured, imported by manufacturers for use exclusively in the manufacture of cut-pile fabrics, in their own factories: rate of duty, free.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—560a. Woven fabrics wholly or in part of silk, not to contain wool, not including fabrics in chief part by weight of artificial silk, n.o.p.: rate of duty, 22½ per cent.

Mr. DUNNING: There is a reduction in the rate on woven fabrics of silk from 27½ to 22½ per cent.

Item agreed to.

Customs tariff—561. Woven fabrics wholly or in part of artificial silk or similar synthetic fibres, produced by chemical processes, not to contain wool, not including fabrics in chief part by weight of silk, n.o.p.: rate of duty, 27½ per cent.

Mr. DUNNING: There is a reduction in rate from 30 per cent.

Item agreed to.

Customs tariff—565. Embroideries, lace, braids, cords, chenille, gimp, fringes and tassels, whether containing tinsel or not, nets, nettings and bobinet, n.o.p.: rate of duty, 22½ per cent.

Mr. DUNNING: There is a reduction from 25 to 22½ per cent.

Item agreed to.

Customs tariff—ex 565. Plated or braided lines and cords, non-elastic, whether of tubular or of solid construction, not exceeding one inch in circumference, wholly or in chief part by weight of vegetable fibres: rate of duty, 17½ per cent.

Mr. DUNNING: There is a reduction from 25 to 17½ per cent.

Item agreed to.

Customs tariff—567. Clothing, wearing apparel and articles, made from woven fabrics and all textile manufactures, wholly or partially manufactured, n.o.p., of which silk is the component of chief value: rate of duty, 27½ per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—567a. Clothing, wearing apparel and articles, made from woven fabrics and all textile manufactures, wholly or partially manufactured, n.o.p., of which the component of chief value is artificial silk or similar synthetic fibres produced by chemical processes: rate of duty, 25 per cent.

Mr. DUNNING: No change.

Item agreed to.

Customs tariff—568. Knitted garments, knitted underwear and knitted goods, n.o.p.: rate of duty, 20 per cent.

Mr. DUNNING: There is a reduction from 25 to 20 per cent on knitted goods of all kinds.

Mr. BAKER: Has the minister taken into consideration what this will mean in the additional quantity of goods that will be imported? For some time past there has been a gradual increase in knitted underwear coming into this country from England. I am not personally interested in this matter at all, but this is a line with which I have been acquainted in my business for fifty years, and naturally I have some little knowledge of it. There has been some increase in our importations of women's knitted underwear.

Mr. DUNNING: Of silk or wool?

Mr. BAKER: Of wool. I have tabulated figures obtained from the Department of Trade and Commerce, and I find that the importations into this country of underwear and knitted goods, under the different headings, totalled 250,000 dozen during 1935. That means a great deal of labour. I am only thinking of the labour end of it, because this is one kind of work which, during the hard times, kept things going in many households in which the people otherwise would have been on relief. The girls and young men were able to work in the factories and earn enough money to keep the households off relief, but in 1935 the importation of these goods reached the point I have mentioned.

No doubt this reduction of five per cent is intended to increase the volume of our importations from Great Britain; if that is not the intention, what is the use of the reduction? This is clearly a class of goods that gives work to many people, and I think it is a serious matter. As I have said, I have

no personal interest at all in this question. I did not like hearing a remark to that effect passed the other evening, because I think it is quite right for any hon. member to give information to the house even if he has a personal interest in a matter, because if he has a personal interest he also has personal knowledge.

Mr. DUNNING: I agree entirely.

Mr. BAKER: Something of that kind was said the other night, and I think perhaps that thought restrains many hon. members from speaking on questions with which they are well acquainted. In my business I have had some knowledge of goods of this class for fifty years, although I have not a cent's worth of personal interest now. In 1935, as I have said, we imported some 250,000 dozen of knitted underwear and other knitted goods, which means a very great deal of labour, and no doubt this reduction will bring about an increase in our imports.

Mr. DUNNING: I should like to give my hon. friend the information I have with respect to knitted underwear of wool, which is the principal item to which he is referring. In 1936, a year later than the figures he gave, we imported from the United Kingdom $18,000 worth of these goods. During the previous year our production of knitted underwear was divided into several items, and here is the value of some of the items: $1,032,000; $364,000; $1,592,000; $325,000; $6,282,000; $523,000; $249,000; $2,109,000 and $129,000. These figures all have to do with knitted underwear.

Mr. BAKER: I know our production is very large, but nevertheless in 1935 we had 250,000 dozen of knitted underwear and other garments coming into this country, and I fear that the importations will increase, which will mean less labour here.

Mr. HEAPS: May I ask if we export anything under this heading?

Mr. DUNNING: We export a little. Our exports of cotton underwear totalled $106,000. We even shipped $29,000 worth to the United Kingdom. Our exports of wool underwear amounted to only $11,000, most of which went to Newfoundland.

Mr. BAKER: Is the minister not concerned about the removal of this additional five per cent? Does he not fear that a larger quantity of these goods will be brought in from the United Kingdom, which will mean less work for our people here?

Mr. DUNNING: No, I am not worried about it. I have given a great deal of thought to the matter, and I do not share my hon. friend's concern.

Mr. BAKER: If that should occur, what would be the next move?

Mr. DUNNING: We will cross that bridge when we come to it.

Mr. BAKER: I look forward to this becoming a matter of considerable concern, and I predict that this reduction will bring about too large an importation of underwear from England.

Item agreed to.

Customs tariff—568a. Socks and stockings:
(i) of wool: rate of duty, 20 per cent, and, per dozen pairs, 30 cents.
(ii) n.o.p.: rate of duty, 20 per cent.

Mr. DUNNING: There is a reduction in rate here. The former rate was 30 per cent ad valorem, and 75 cents per dozen. It is cut to 20 per cent ad valorem and 30 cents per dozen. I know I will be asked as to the ad valorem incidence, and I believe I have that information somewhere. The ad valorem incidence of the combined duties approximated 44 per cent, after making the usual deduction for direct shipments. On the basis of last year's values the ad valorem incidence of the compound duties now provided should work out at almost exactly 25 per cent ad valorem.

Mr. STIRLING: Would the minister give the figures of imports and exports in production?

Mr. DUNNING: Under this heading the total imports in 1936 were valued at $364,000, of which $357,000 came from Great Britain. Our exports are not separately listed in the trade returns. Our production in 1935 is a combination of a number of items, of which the following will give an idea: $2,000,000; $1,000,000; $598,000; $215,000; $98,000; $615,000; $69,000 and $86,000. That is the total of our own production.

Mr. BAKER: In 1935, from the United Kingdom we imported in round figures, $350,000 worth of hosiery of different classes.

Mr. DUNNING: In 1936?

Mr. BAKER: In 1936 it was more than that; I have the figures for 1935. That was a matter of 86,200 dozen. That quantity of hosiery would give a great deal of labour, and certainly we can make hosiery in Canada. It is true that in 1935 we produced 6,194,000 dozen, or $20,000,000 worth, practically all of which was consumed in the country. I view with great alarm the cut in the duty. The minister will realize that it is a very heavy cut, from 75 cents a dozen to 30

cents a dozen, in addition to the ad valorem cut. It is important to have foresight of the situation; we must realize that this will mean great increases in importations from Great Britain, and in that case just that much less labour in Canada for workers in hosiery mills. These mills constituted one of the greatest supporters of households in Canada during the depression years and were the means of keeping families off the welfare lists. Does not the minister view with alarm the fact that this great cut will mean larger importations from Great Britain? I doubt if there is anything in the tariff which has been cut to so great an extent as this item.

Mr. HEAPS: Would the minister give the committee the corresponding tariffs on the same class of goods in 1930?

Mr. DUNNING: In May, 1930?

Mr. HEAPS: Yes.

Mr. DUNNING: The classification then was so widely different from the present one that it is rather difficult to get at it. The closest I can come is to quote the British rates and classifications, as they then prevailed. They were these: Goods of cotton, 20 per cent; of wool, if over $1.50 a pound, 27½ per cent; of wool, if over 90 cents a pound and up to $1.50 a pound, 25 per cent; below 90 cents a pound, 20 per cent. If they were of silk or artificial silk they carried at that time a duty of 25 per cent. So the whole classification was different prior to 1930.

Mr. BAKER: May I draw the minister's attention to a fact of which he is no doubt cognizant. In the new schedule we find only the words "socks and stockings of wool"; is that not correct?

Mr. DUNNING: Yes.

Mr. BAKER: And the n.o.p. item is the second one?

Mr. DUNNING: Yes.

Mr. BAKER: What is meant by "socks and stockings of wool"? The previous item contained the words "socks and stockings wholly or in part of wool"; is it not a clerical error to have the present item worded differently?

Mr. DUNNING: The customs department has been compelled to rule on the point, and I can give the hon. member the substance of the ruling. The ruling is that the meaning shall be "substantially of wool" and the meaning of that, again, is that the major component, by weight, is to be of wool.

Mr. BAKER: Will that be the ruling of the National Revenue department on the new tariff?

Mr. DUNNING: Yes, that is now the ruling of the Department of National Revenue.

Mr. BAKER: In other words, the interpretation of the item will mean that there must be 50 per cent or 75 per cent wool?

Mr. DUNNING: More than 50 per cent, by weight, of wool.

Mr. BAKER: Of course the minister understands that the question of wool in the production of socks and stockings is not of such great importance, because other fabrics are used. Is it possible to go back to the original wording of "wholly or in part of wool"?

Mr. DUNNING: No, not now.

Mr. BAKER: It is not at all possible?

Mr. DUNNING: No.

Mr. BAKER: Was this item particularly requested by the United Kingdom representatives?

Mr. DUNNING: This form of wording?

Mr. BAKER: Yes, and was this change in the tariff offered by the Canadian government?

Mr. DUNNING: Partly one, and partly the other. From an administrative point of view, the old wording was very unsatisfactory. If you say "wholly or in part of wool" the question immediately arises "what part of wool"? Under the present arrangement a customs ruling is involved, whereby there must be 50 per cent, by weight, of wool before it can come in under this classification.

Mr. BAKER: May I draw the minister's attention to the fact that interpretation of "wholly or in part of wool" would mean that if there was any wool in it, it would come in at 30 cents and 20 per cent. But in the other class there is no 30 cent rate. This is vastly different.

The CHAIRMAN: Shall the item carry?

Mr. BAKER: I am not satisfied with it.

Mr. DEACHMAN: Speaking as a Liberal, if I may do so, I find it difficult to defend an item where the rate of duty is higher upon the socks bought by the working man than upon those bought by the cabinet ministers. Under the present item I would expect that a very low grade of sock would come in at approximately 35 per cent, and a higher grade at about 20 per cent. What justification would there be for imposing the higher duty upon the poorer class of goods?

Mr. DUNNING: I do not acknowledge the hon. member's premise.

Mr. BAKER: No, he is wrong. May I ask how the hon. member works it out?

Mr. DEACHMAN: I work it out on the basis of socks at $3 per dozen and it comes to 30 per cent; then, at $18 a dozen, we get a rate of approximately 22 per cent.

Mr. DUNNING: But I am not accepting those theoretical figures. The figures are those for which socks are entered for duty purposes, and while I have not the information before me there was an endeavour on the basis of typical importations to evolve a duty for socks of wool under the definition I have just given, which would get away from the great disparity which existed under the former tariff, and which has been materially reduced under the proposal here. This is one of the broadest reductions of duty contained in the whole list.

Mr. DEACHMAN: I congratulate the minister upon this substantial reduction, but at the same time I would point out that when you are bringing in socks valued at $3 per dozen, you have a rate of 23 per cent, and on the expensive socks valued at $9 per dozen the duty is something like 30 per cent.

Mr. DUNNING: It is not only on the value; it is also on the weight.

Mr. DEACHMAN: If the minister wants real information I can show him the invoices.

Mr. BAKER: I think the hon. member for Huron North is mistaken, as socks of wool are as a rule the expensive socks. The n.o.p. item would cover the odd importation of silk socks, but the large volume of importations would be under the other item.

I have had fifty years' experience in this line of business. There has been a great deal of talk about the high duties which were put on in the session of 1930. I do not intend to make a political speech, and I shall deal only with the practical side of this question. Despite the alleged high duties which were put on at that time, since 1932 the people of Canada have been able to purchase their socks and stockings at a lower price than ever before in the history of the dominion. I am not talking from the theoretical point of view; I am giving the actual facts. If I do say so, I am speaking as one who knows something about this matter. The tariff was never higher and since 1932 the people of Canada never bought better stockings for their money. We must not run away with the idea that tariffs increase the prices of our commodities. Competition makes the price, and competition was keen.

[Mr. Baker.]

Mr. TOMLINSON: Were the benefits passed on to the employees of the knitting factories?

Mr. BAKER: The newspapers of the past week contained the annual statements of two knitting companies. One made no money at all; the other did not make enough to pay dividends.

Mr. TOMLINSON: How about the Circle Bar Knitting Company in Kincardine?

Mr. BAKER: I hold no brief for any particular knitting company. I have been in the game for fifty years, and I know what occurred since 1932.

Mr. McLEAN (Melfort): Surely the hon. member knows enough of the history of Canada to realize that in the years following 1932 the people found it extremely hard to buy socks of any kind?

Mr. WARD: The hon. member has just referred to a certain period when we had the highest tariffs in the history of this country. I would direct his attention to the fact that in that period the prices of raw material were at rock bottom. In 1932 there was no market at all in western Canada for wool, and it sold for as low as 3 cents a pound. Cotton was selling in Texas for 6 cents a pound. If the prices of socks and stockings did not go up, it was because the raw materials were available at low prices, rather than because of any protection given the manufacturers. I have lived on a farm most of my life and it has often been my job to wean calves. I have found that the longer a calf is allowed to suck a cow, the harder it is to wean. That is exactly what is happening in this country. The manufacturers have been sucking the cow of western Canada, and we are now finding it very difficult to wean them. When there is a suggestion of lowering the tariffs, the hon. member stands up in fear and trembling and says that these companies are going out of business to-morrow.

Mr. BAKER: I did not make any such statement.

Mr. WARD: Is he afraid to go out at night because he might see a shadow? Every time there is a suggestion that tariffs should be reduced, hon. members of the Conservative party get up in fear and trembling and say that these great institutions will be put out of business.

Item agreed to.

Customs tariff—568b. Gloves and mitts of all kinds, n.o.p.: rate of duty, 20 per cent.

Item agreed to.

Customs tariff—572. Oriental and imitation oriental rugs or carpets and carpeting, carpets and rugs, n.o.p.: rate of duty, 30 per cent.

Item agreed to.

Customs tariff—573. Enamelled carriage, floor shelf and table oil-cloth, linoleum, and cork matting or carpets: rate of duty, 15 per cent.

Mr. MacNICOL: Would the linoleum or oil-cloth covered by this item be used in the manufacture of carriages covered by item 439f?

Mr. DUNNING: The description is carriage, shelf and table oil-cloth, enamelled, as distinct from floor oil-cloth.

Mr. MacNICOL: Would that be used in the manufacturing of children's carriages?

Mr. DUNNING: It is the thin type of oil-cloth used for a number of purposes and generally referred to as carriage oil-cloth.

Item agreed to.

Customs tariff—578. Regalia, badges and belts of all kinds, n.o.p.: rate of duty, 22½ per cent.

Item agreed to.

Schedule IV agreed to.

Progress reported.

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

Wednesday, March 24, 1937

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

YOUTH EMPLOYMENT COMMITTEE

Mr. MAYBANK:

1. Did the government or the employment commission appoint a committee called The Youth Employment Committee for the purpose of considering and advising upon securing employment for the youth of Canada?
2. If so, when was such committee named; by whom, and what is the proper name of such committee?
3. What is the personnel of the said committee, and the address and calling of each?
4. Has said committee ever submitted any report or recommendation? If not, can the government state when such a report may be expected; and will the government lay such report before parliament for discussion?

Mr. ROGERS:

1. Yes.

2. Second of September, 1936. By the governor-general in council upon the advice of the Minister of Labour under and by virtue of sections 8 and 9 of the National Employment Commission Act, 1936—Youth Employment Committee.

3. Alan Chambers of Victoria, B.C., Merchant; R. F. Thompson of Toronto, Ontario, Retired Clergyman; Joseph McCulley of Newmarket, Ont., headmaster; Andre Montpetit of Montreal, P.Q., Lawyer; W. C. Nickerson of Halifax, N.S., Merchant.

4. Yes. Two main and three supplementary reports have been made to the National Employment Commission, one of the functions of which body is to advise the minister. Any action which the government may decide to take on the recommendations of the commission will be duly made known to the house.

*PARLIAMENTARY DELEGATION TO CORONATION

Mr. CHURCH:

Will all returned men who are members of the parliament of Canada go to the coming coronation if they can, or will a representative delegation of them be sent by the government?

Mr. MACKENZIE KING: It is not possible to answer the first part of this question:

Will all returned men who are members of the parliament of Canada go to the coming coronation if they can— . . . .

I cannot answer that question nor do I think anyone else can. The other part of the question is:

—or will a representative delegation of them be sent by the government?

There will be returned men on the parliamentary delegation but there will not be a special delegation of returned men.

TORONTO-HAMILTON HIGHWAY IMPROVEMENT SCHEME

Mr. GRAYDON:

1. What proportion has the dominion government undertaken to pay towards the cost of the Toronto-Hamilton highway improvement scheme between Long Branch and Port Credit?
2. How many miles of this highway have been widened and improved recently from Long Branch westward?
3. Has the said improvement scheme been completed?
4. If so, what was the total cost per mile?
5. If the said work has not been completed, what is the total estimated cost per mile of same?

Mr. ROGERS:

1, 2, 3 and 4. The dominion government agreed to contribute to the province of Ontario 50 per cent of the cost of certain highways described and set forth in schedule "C" to an agreement dated September 10, 1936, between the dominion government and the government of the province of Ontario under The Unemployment Relief and Assistance Act, 1936, which agreement was tabled on January 15, 1937. Project 36-31 was included in the aforesaid schedule described as "Port Credit

to Long Branch, asphaltic highway, 3·6 miles, dominion contribution $122,000." Statements of claim received and paid to date in respect to this project amount to $115,160.13.

5. The total estimated cost of project 36-31 above referred to was $244,000.

Mr. GRAYDON:

1. What proportion has the dominion government undertaken to pay towards the cost of construction of the highway between Toronto and Hamilton, known as the "Middle Road"?
2. What is the estimated total cost of this highway when completed?
3. What is the total estimated cost per mile of this road from Etobicoke river westward to Hurontario street when completed?
4. What is the maximum width of the road allowance provided for the highway between the said Etobicoke river and Hurontario street?

Mr. ROGERS:

1. The dominion government agreed to contribute to the province 50 per cent of the cost of certain highways described and set forth in schedule "C" to the agreement between the dominion government and the province under The Unemployment Relief and Assistance Act, 1936, dated September 10, 1936, and tabled on January 15, 1937. The project as set forth in the agreement cannot be exactly identified with the highway known as the "Middle Road," but the following statement sets out three projects which may be included in the "Middle Road," together with the maximum dominion contribution and the statements of claim received and paid to date:—

Schedule No.	Description	Dominion Contribution $	Payments $
36-28	Brown's Line to Centre Road—Middle Rd. Concrete Highway, 5 miles	93,100 00	85,275 58
36-57	Oakville Bridge on Middle Rd.	80,737 50	68,098 47
36-73	From Burlington Subway to Campbell's Corners, concrete pavement, and grading from Middle Rd. to Hamilton H. also Middle Road Bridge	56,000 00	45,357 14

2 and 3. See reply to 1.

4. The agreement does not provide for the width of the road allowance between the Etobicoke river and Hurontario street, this being a matter of provincial regulation.

CANADIAN BROADCASTING CORPORATION

Mr. CHURCH:

What are the names, occupations, addresses, salaries, living and travelling expenses of the present federal radio commission?

Mr. HOWE: The former radio commission was abolished on November 2, 1936, by the repeal of the Canadian Radio Broadcasting Act.

If, however, the question refers to the Canadian Broadcasting Corporation the following information relating to the board of governors has been supplied by the corporation:

Board of Governors
Canadian Broadcasting Corporation

Name	Occupation	Address	Salary	Honoraria, or allowance for meetings by Statute—To March 15, 1937	Travelling expenses, to March 15, 1937
				$ cts.	$ cts.
L. W. Brockington, Chairman.	Barrister-at-Law	737 Grain Exchange Bldg., Winnipeg, Man.	None	562 50	861 55
Rene Morin, Vice-Chairman.	General Manager	112 rue-St. Jacques, Montreal, Quebec.	"	150 00	138 75
Brig.-General V. W. Odlum	Broker	611 Rogers Building, Vancouver, B.C.	"	150 00	241 30
J. Wilfrid Godfrey	Barrister-at-Law	Halifax, N.S.	"	100 00	230 55
Rev. A. Vachon	Director of Chemical Research.	Laval University, Quebec, P.Q.	"	150 00	178 35
N. L. Nathanson	President, Famous Players Corporation, Ltd.	Toronto, Ontario	"	150 00	32 00
Col. Wilfrid Bovey	Barrister-at-Law, and Educationalist.	McGill University, Montreal, P.Q.	"	150 00	354 92
Allan B. Plaunt	Journalist	411 Blackburn Building, Ottawa, Ont.	"	150 00	70 53
Mrs. Nellie McClung		Victoria, B.C.	"	150 00	585 30

Mr. CHURCH: These questions, 2 and 3, are not answered properly at all. Beauchesne at page 111 states that questions may be placed on the order paper seeking information from ministers of the crown relating to public affairs; and paragraph 339 states that questions addressed to ministers should relate to the public affairs with which they are officially connected, to proceedings pending in parliament or to any matter of administration for which the minister is responsible. Paragraph 349 states that the purpose of a question is to obtain information and not to supply it to the house. The answers are not complete, and we have a right within the rules to ask that information on the subject matter be given fully. I cannot get the information in the public accounts nor in the radio booklet tabled. Public funds are being spent in this matter and I wish to establish the right to all information asked for from time to time. One minister the other day refused to answer the questions at all.

SUBSIDIES TO POULTRY INDUSTRY—QUEBEC

Mr. FERLAND:

1. Has the dominion government granted any subsidies to the poultry industry in the province of Quebec during the past five years?

2. If so: (a) when; (b) for what amounts; (c) to whom?

Mr. GARDINER:

1. Yes.

2. Subsidies paid under the Fairs' Policy

(a) 1932	1933	1934	1935	1936	(c)
(b)	106.11	107.74	255.70	310.00	Sherbrooke (Class A).
....	....	60.38	214.15	93.25	Quebec (Class A).
158.80	....	....	340.47	171.62	Three Rivers (Class A).
109.39	109.65	183.80	193.18	142.41	Valleyfield (Class A).
79.24	90.42	107.18	94.16	81.55	Ormstown (Spring Show).
113.69	152.01	154.92	193.68	174.32	Lachute (Spring Show).
....	280.86	....	....	402.41	Sherbrooke (Winter Fair).
....	....	....	52.28	53.97	Cookshire (Class B).
20.09	48.59	56.08	67.13	60.52	Waterloo (Class B).
214.00	142.89	79.16	81.58	70.56	Ste. Scholastique (Class B).
22.85	46.13	40.56	60.43	41.19	St. Hyacinthe (Class B).
91.80	39.50	69.27	76.12	63.52	Ayers' Cliff (Class B).
....	....	....	25.32	28.27	Roberval (Class B).
....	....	....	93.98	82.87	Brome (Class B).
....	....	....	151.57	144.79	Jacques Cartier (Class B).
1,250.00	1,125.00	1,125.00	1,125.00	1,125.00	Montreal Poultry Show.

NOTE: Subsidies to Exhibitions in Quebec for distribution in the form of prize money to poultry exhibitors.

Premiums paid under Cockerel Distribution Policy

1932	1933	1934	1935		
1,081.70	669.50	723.00	612.75	992.50	Premiums paid to farmers throughout the province of Quebec purchasing pure bred cockerels for breeding purposes.

NATIONAL RESEARCH COUNCIL

Mr. POULIOT:

1. What are the present occupation and salary of Mr. W. Heath of the National Research Council?

2. What were his previous occupation and salary?

3. Did he ever pass an examination before the Civil Service Commission; if so, when, and was he successful?

4. Before getting into the civil service, what was his occupation?

Mr. ROGERS:

1. Clerk Grade III. $1,440 per annum less 5 per cent.

2. Retail merchant. No information as to salary.

3. Yes. April, 1931. Yes.

4. Answered by No. 2.

Mr. POULIOT:

1. Does the National Research Council own an automobile, and, if so, since when?

2. Is such automobile a truck or a passenger car, and of what make, model and year?

3. For what purpose was this automobile: (a) intended, and (b) used?

4. In whose name was the licence issued, and who paid for it?

5. Who drove this car during the past two years?

6. Did Mr. S. P. Eagleson, secretary of the said council, use this automobile as a private car in the morning, at noon, in the evenings, and for picnic purposes?

7. If so, with whose permission?

8. What was the purchase price of this automobile?

9. What was the cost of all maintenance charges, including licence, gas, washing, simonizing, garage rent, etc., during the last two years?

10. Who paid the different amounts specified in the two previous questions?

11. In what garage was this automobile kept during the past two years?

12. How many days and half-days was the said Eagleson absent from his office on account of sickness, during the past two years?

13. On the several occasions on which he was so absent, did he produce a medical certificate?

14. If so, how many medical certificates has he presented to justify his several absences, and what was in each case, the name of the medical man issuing such certificates, the dates they were presented to the National Research Council, and to what official?

15. Did the National Research Council deduct any portion of the salary of the said Eagleson for his absence or absences?

16. If so, how much?

17. If not, why?

Mr. ROGERS:

1 and 2. Yes.

(1) Pontiac Sedan, 1929 model, since 12 September, 1929.

(2) Ford panel body truck, 1931 model, since 4 January, 1934.

(3) G.M.C. stake body truck, 1929 model, since 19 March, 1936.

3. (a) and (b) (1) It was intended for use by the secretary-treasurer of the council and such other members of the staff of the council as he might determine from time to time. It was used accordingly.

(2) To transport equipment, apparatus, etc., between the shops and laboratories at the national research laboratories annex, corner John and Sussex streets and the main national research laboratory building; to transport equipment and apparatus between the national research laboratories and places such as the airport at Rockcliffe and the radio direction finding station at Britannia where special research investigations are in progress; and doing other similar work as required. It has been used for these purposes.

(3) To augment the services performed by the Ford truck and to replace it when worn out. It has recently been necessary to discard the Ford truck as it is no longer safe and serviceable and this G.M.C. truck is used to perform all the transport work of the National Research Council.

4. The National Research Council. No fee is charged for licences for government-owned cars.

[Mr. Pouliot.]

5. (1) Various members of the staff of the National Research Council as indicated in 3 (1) above.

(2) and (3) Men from instrument and model shops.

6 and 7. When the Pontiac car was purchased in 1929 it was placed in the personal custody of Mr. S. P. Eagleson and, as a convenience to the council, the president arranged that it be housed in his garage without cost to public funds. He was also authorized to use it for general purposes until May 1931, since which date it has been used only to provide transportation for and to conserve the time of members of the staff of the council when the interests of the council so required. It has been used in the morning, at noon and in the evenings in accordance with the foregoing. It has not been used for picnic purposes.

8. (1) $1,249.00.

(2) $300.00.

(3) Transferred from Post Office Department without payment.

9. (1) $639.39 from April 1, 1935 to March 22, 1937.

(2) $97.53.

(3) $157.64.

10. National Research Council.

11. Answered by No. 6.

12. 52 days.

13. Yes.

14. Two. Dr. James Coupland, 31 July, 1936, Dr. J. C. Humphreys, 20 March, 1937. These certificates were passed to the official in charge of central records for recording and filing.

15. No.

16. Answered by No. 15.

17. Absences were supported by medical certificates as required by the regulations and were consequently charged against his accumulated sick leave credit.

Mr. POULIOT:

1. What was the classification of Mr. S. P. Eagleson, secretary of the National Research Council, before being appointed to that position?

2. When was he appointed secretary-treasurer?

3. Has he ever been clerk grade 1? If so, until when?

4. Did he ever pass an examination before the Civil Service Commission, if so, when, and was he successful?

5. What were his occupation and his salary before being appointed secretary-treasurer of the National Research Council?

6. Is Mr. G. M. Shaver, accountant or representative of the comptroller of the treasury at the National Research Council, related to or connected with Mr. S. P. Eagleson, secretary-treasurer of such council?

7. If so, what is the relationship?

8. What is the total salary of each one?
9. What were the occupation and salary of the said Shaver before being appointed to that position?
10. What is it now?
11. Did he ever pass an examination before the Civil Service Commission; if so, when, and was he successful?
12. Is Mr. L. E. Strader, clerk of the National Research Council, related to or connected with Miss Beach, secretary of the said Eagleson?
13. If so, what is the relationship?
14. What is the salary of Mr. Strader and Miss Beach?
15. Is Mr. C. W. O'Brien, clerk at the National Research Council, related to or connected with Mr. L. E. Strader, principal clerk at such council?
16. What is that relationship?
17. What is O'Brien's salary?
18. When were the said G. M. Shaver, S. P. Eagleson, L. E. Strader, Miss Beach and C. W. O'Brien appointed to or at the National Research Council?

Mr. ROGERS:

1. Head clerk.
2. September 1, 1925.
3. No. Was clerk in subdivision B of the third division to April 1, 1917.
4. No.
5. Secretary, National Research Council, $3,240.
6 and 7. Mr. G. M. Shaver, representative of the treasury, Department of Finance, is a brother-in-law.
8. Mr. S. P. Eagleson, $5,220 per annum, less 5 per cent; Mr. G. M. Shaver, $3,180 per annum, less 5 per cent.
9. Accountant, National Research Council, June 8, 1926 to March 31, 1932, $2,400 to $3,000.
10. Treasury Officer Grade 1, Department of Finance, $3,180.
11. No.
12 and 13. No.
14. Mr. Strader, $2,280 per annum, less 5 per cent; Miss Beach, $1,860 per annum, less 5 per cent.
15 and 16. No.
17. $1,080 per annum.
18. Mr. G. M. Shaver, June 8, 1926; Mr. S. P. Eagleson, April 1, 1917; Mr. L. E. Strader, July 13, 1929; Miss E. F. Beach, May 6, 1929; Mr. C. W. O'Brien, January 22, 1936.

Mr. POULIOT:

1. Was Mr. Anderson, assistant purchasing clerk at the National Research Council a messenger before being appointed to that position?
2. What was then his monthly salary?
3. Did he ever pass an examination before the Civil Service Commission; if so, when, and was he successful?
4. Is the said Anderson related to or connected with a Mr. Biggar, principal clerk, or clerk, at such council?
5. If so, is he a cousin of the latter's wife and at what degree?
6. What is the salary of each one?
7. What was Biggar's occupation before being appointed principal clerk at the National Research Council?
8. What was his salary at that time?
9. Did he ever pass an examination before the Civil Service Commission; if so, when, and was he successful?
10. Is Mr. Klein of the National Research Council a cousin or relative of Mr. Anderson, assistant purchasing clerk at the said council?
11. If so, at what degree and what is the salary of both?
12. What is the occupation of the said Klein?

Mr. ROGERS:

1. No.
2. Answered by No. 1.
3. No.
4. No.
5. Answered by No. 4.
6. Mr. Anderson, $1,680 per annum, less 5 per cent; Mr. Biggar, $2,040 per annum, less 5 per cent.
7. Clerk Grade III, National Research Council.
8. $1,440 per annum, less 5 per cent.
9. Yes, April, 1931. Was successful.
10. No.
11. Answered by No. 10.
12. Assistant research physicist.

Mr. POULIOT:

1. Is Dr. Ledingham of the research information branch at the National Research Council related or connected to Mr. Ledingham of the chemistry branch of said council?
2. What is the salary of both?
3. What is the relation or connection between both?

Mr. ROGERS:

1. Yes.
2. Dr. G. A. Ledingham, $3,300 per annum; Mr. A. E. Ledingham, $900 per annum.
3. Brothers.

Mr. POULIOT:

1. Was Mr. Charles Dalglish, clerk at the shop stores of the National Research Council, a brother of the late Mr. Dalglish, formerly employed at such council, and is he related or connected to the secretary to the president of such council, and what is that relation or connection?
2. What is his salary?
3. Was and is there a Mr. Sharpe employed at the annex of the National Research Council?
4. Is he related or connected to the secretary or stenographer to the president of such council and what is the relation or connection between both?
5. What is the salary of both?

Mr. ROGERS:

1. (a) Yes.
   (b) No.
2. $1,440 per annum less 5 per cent.

3. Yes.
4. Yes, a son.
5. Mrs. G. M. Sharp—$1,620 per annum less 5 per cent; Mr. C. Sharp—$720 per annum.

Mr. POULIOT:

1. Is the chief librarian at the National Research Council related or connected to Mr. Gill, secretary of the Canadian Government Purchasing Standard Committee, and what is such relation or connection?
2. What is his or her name?
3. What is the salary of each one?
4. Is Mr. W. H. Courtice, chief clerk at the National Research Council, related or connected to both these civil servants?
5. If so, what is the relationship or connection?
6. Was the said W. H. Courtice employed at the national park stores at Winnipeg before being appointed to that position?
7. What was his salary then, and what is it now?
8. Is he also assistant to the secretary-treasurer or acting secretary-treasurer of the National Research Council?
9. If so, does he receive anything for that occupation, and what is it?
10. Did he ever pass an examination before the Civil Service Commission; if so, when, and was he successful?

Mr. ROGERS:

1. Yes, a sister.
2. Miss M. S. Gill.
3. Miss M. S. Gill—$3.180 per annum less 5 per cent; Mr. A. F. Gill—$3,300 per annum less 5 per cent.
4. No.
5. Answered by No. 4.
6. No.
7. (a) Answered by No. 6; (b) $3,780 per annum less 5 per cent.
8. He is assistant secretary-treasurer of the National Research Council.
9. Paid as assistant secretary-treasurer only.
10. No.

ROYAL COMMISSION ON TEXTILE INDUSTRY

Mr. LACROIX (Quebec-Montmorency):

1. When did the royal commission on the textile industry commence its labours?
2. What has been the cost to the government of the inquiry to date?
3. About what date will the commission submit its report to the government?
4. How much per hour are the employees of the Dominion Textile Company of St. Gregoire de Montmorency being paid at the present time?
5. Will immediate action be taken upon the recommendations in the report of the royal commission on the textile industry?

Mr. DUNNING:

1. The Royal Commission on the Textile Industry was appointed by order in council of January 27, 1936. The first sitting of the commission was held on February 20, 1936.

[Mr. Rogers.]

2. To March 19, 1937, $142,394.52.
3. No information.
4. Information filed with the commission by the Dominion Textile Company regarding rates of wages in the Montmorency branch of the Dominion Textile Company is as follows: Average hourly earnings for January, 1937: males, 28·34 cents; females, 23·60 cents.
5. This question relates to a matter of policy and it is not usual for the government to make statements on matters of policy in giving replies to questions.

IMPORTATION OF SWEDISH LANDRACE PIGS

Mr. BLAIR:

1. How many Swedish Landrace pigs were brought into Canada, (a) male; (b) female?
2. What date did they arrive?
3. How many are there now?
4. How many were slaughtered, (a) male, (b) female?
5. Is there any danger of these pigs at the Central Experimental Farm spreading foot and mouth disease?
6. Do the Swedish Landrace mature earlier than the Yorks, and in how many days do each reach 200 pounds?
7. Are the Landrace larger at birth than the York and what are the average weights?
8. Are the Swedish Landrace sows better milkers?
9. Have the Swedish Landrace better digestion?
10. Are they better suited for self-feeders?
11. Did the Department of Agriculture distribute these pigs to the farmers from 1932 to 1935? If not, why?
12. Will the department now distribute them?

Mr. GARDINER:

1. (a) 8 males; (b) 59 females.
2. May 10, 1934.
3. Of the original importation, there are 4 males and 32 females. There have also been retained for breeding stock, 7 Canadian bred males and 27 females. In addition, there are approximately 140 suckling pigs.
4. Of the original Landrace importation, 4 males and 27 females have been slaughtered. In addition, there have been about 400 Landrace bacon hogs slaughtered for test purposes.
5. Not now.
6. Slightly. From the data collected, it is calculated that Landrace pigs reached 200 pounds in 174 days and Yorkshire pigs reached 200 pounds in 178 days.
7. Yes. From data collected the Swedish Landrace average 3·26 pounds at birth and Yorkshires, 2·48 pounds.
8. There is no proof that the Swedish Landrace sows are better milkers than the Yorkshire sows.

9. No digestion trials have been conducted.

10. There is no conclusive evidence that the Landrace are better suited for self-feeders.

11. No. It was considered advisable to first test out the Landrace pigs under Canadian conditions.

12. No decision with regard to distributing Landrace pigs will be made until all information required is available.

TARIFF RULINGS UNDER "NOT MADE IN CANADA" PROVISION

Mr. MAYBANK:

1. Since January 1, 1930, how many applications for tariff rulings have been made under the "Not made in Canada" rule by the Aluminium Company of Canada, year by year?

2. Since January 1, 1930, have any payments in the nature of rebate been made to the Aluminium Company of Canada? If so, what were the dates, amounts, and reasons for same?

3. Since January 1, 1930, how many applications for tariff rulings have been made under the "Not made in Canada" rule by the Page-Hersey Company, year by year?

4. Since January 1, 1930, have any payments in the nature of rebate been made to the Page-Hersey Company? If so, what were the dates, amounts, and reasons for same?

Mr. ILSLEY: This question relates entirely to the business of private companies and it is not the practice of the department to disclose such information. The mover not being in the house, perhaps the question could stand. I hope it will be dropped.

Mr. SPEAKER: Stand.

QUESTIONS PASSED AS ORDERS FOR RETURNS

RADIO STATION CRCT

Mr. CHURCH:

1. What are the names of the staff of radio station CRCT, in Toronto, and the length of service, rank, remuneration of each, and what were their respective living and transportation expenses during the past year?

2. How many musicians and other officials are drawing federal pensions as well as salaries, and who are they?

3. Who are the announcers at this station, and are they related to any musicians or others employed there? If so, what is the relation?

4. How many of the musicians are, (a) union men; (b) non-union?

5. What are the names of the announcers and musicians, and of the choir leader and quartette?

6. How long has Mr. Lucas been employed; and are any members of his family also employed?

7. Have any other officials relatives employed?

8. Do the choir leader, quartette, and the minister draw government pensions?

9. Are any members of the family of Mr. Waddington, known on the radio as Frank Gladstone, employed? If so, what are the names?

Mr. HOWE: Return tabled herewith.

"MADE IN CANADA" FILE

Mr. MAYBANK:

1. Has the Department of National Revenue a file known as the "Made in Canada File," or known as "Not Made in Canada File"?

2. If so, what is its number?

3. When was such file opened or started?

4. Since January 1, 1930, how many applications or requests for tariff rulings or decisions having the effect of an increase in the tariff were recorded in said file? (Answer to be given year by year.)

5. What is the total number of companies, firms and individuals who have made such requests?

6. What are the names of the 20 applicants who have made in each year since January 1, 1930, the greatest number of such requests?

Mr. ILSLEY: The answer to a part of this question would disclose the business of private companies and therefore to that extent the question cannot be answered. There is no objection to answering the rest of the question. I suggest that it stand as an order for return.

MOTIONS FOR PAPERS

DIRECT AND INDIRECT RELIEF

Mr. WALSH:

For a return showing direct and indirect relief by provinces, for each of twelve months, ending February, 1937, under the following headings:

1. Total on direct relief;
2. Homeless persons;
3. Provincial works, number given relief work (Trans-Canada highway not included);
4. Trans-Canada highway;
5. Municipal works, number given relief work;
6. Farm placement;
7. Federal departments, number given relief work on wage basis;
8. Relief in dried-out areas, other than direct relief;
9. Relief settlement, number individuals assisted;
10. Total numbers assisted.

DANISH, SWEDISH AND YORK PIGS—COPENHAGEN REPORT

Mr. GIROUARD (for Mr. Blair):

For a copy of: (1) the general report on the Danish, Swedish and York pigs, as given in the Copenhagen report as regards the age, feeding, size at birth, and prolific nature of each; (2) report of the testing in regard to feeding, grading and age of these pigs at the different stations in Canada; (3) the comparative report on the experiments with Swedish and York hams, with special reference to the Copenhagen report on Danish hams.

GOVERNMENT-OWNED RAILWAY LINE, WINDSOR—WINDSOR JUNCTION, N.S.

Mr. PURDY:

For a copy of order in council, dated 14th November, 1914, dealing with lease between the Department of Railways and Canals and the Dominion Atlantic Railway, of the government owned line of railway from Windsor to Windsor junction, Nova Scotia.

Mr. HOWE: Return tabled herewith.

ROYAL CANADIAN MOUNTED POLICE

PROVISION FOR RESERVE CONSTABLES AND NON-COMMISSIONED OFFICERS

Hon. ERNEST LAPOINTE (Minister of Justice) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to amend the Royal Canadian Mounted Police Act to provide for the appointment, calling up for training and duty, and payment of a certain number of men as reserve constables, to be known as the "Royal Canadian Mounted Police Reserve," and for the appointment from among such constables of reserve non-commissioned officers; to provide also that time served in the permanent forces of Canada may be included in the term of service of an officer or a constable for pension purposes; and to provide further that any person who ceases to be a constable shall have the right to continue the payment of instalments for pension purposes or the right of withdrawal of all such contributions.

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

Motion agreed to.

SIT-DOWN STRIKES

STATEMENT OF MINISTER OF JUSTICE AS TO ATTITUDE OF FEDERAL GOVERNMENT

On the orders of the day:

Mr. N. A. McLARTY (Essex West): Before the orders of the day are proceeded with I wish to address a question to the Minister of Justice (Mr. Lapointe). In view of the reports in the press, does the government intend to take a stand with regard to what are called sit-down strikes in industrial establishments?

Hon. ERNEST LAPOINTE (Minister of Justice): In answer to the hon. gentleman, who communicated to me the question he was going to ask, I desire to make the following statement:

A "sit-down strike," so-called, is, I understand, instituted and carried out by the employees of a factory or other industrial or commercial concern, who, having entered the premises legally in connection with their work, illegally remain and take possession of such premises, and hold same by physical force against the owners and employers. A sit-down strike in Canada would be entirely illegal, and would not only tend to undermine all respect for law and order, but would, if proceeded with on any large scale, likely disrupt the business and administration of the country. Such a sit-down strike would also likely tend to create a riot and public disorder, which is contrary to the views of organized labour in this country. Legitimate means of redressing grievances already exist in Canada.

The sit-down strike shall not be permitted to obtain any footing here. The administration of justice is of course committed to the provincial authorities and they are exclusively responsible for it. But the dominion government is prepared to utilize all the resources and agencies at its command and to the extent of its legal powers to the end of restraining and eliminating this illegal mode of procedure in Canada.

PETITIONS OF RIGHT

On the orders of the day:

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, during the last session of parliament, while the bill respecting National Harbour Board was under consideration, the Minister of Justice (Mr. Lapointe) in proposing the rejection of an amendment which I had submitted to provide for suits in tort against the board, gave an assurance that during the recess his department would prepare a bill to amend the existing law with respect to petitions of right, and providing for suits in tort against the crown. On January 26 last the minister assured the house that a draft of such a bill had been prepared and submitted to the government for approval, and the minister then expresed his intention to submit that bill to the house during the present session. It has not yet appeared on the order paper. I ask the Minister of Justice if he has any additional information to give to the house regarding the matter.

Hon. ERNEST LAPOINTE (Minister of Justice): A draft of a bill along the lines mentioned was prepared and has been submitted to the various departments of the government, preparatory to being submitted for approval by the council. But I must say that there are many difficulties in the way, and strong objections come from almost every department. I have found that in the United Kingdom the committee which sat a few years ago prepared a draft of a bill

concerning this matter, which has never been enacted because of difficulties presenting themselves there. Under the circumstances I have decided to exclude from the ordinary course which is now followed, commissions of the government, such as the one concerning which my hon. friend moved an amendment last year, and others which deal more particularly with business and public utilities. But I am afraid that at this stage of the session it would be difficult to proceed with this legislation. I respectfully ask my hon. friend to give me a little more time to achieve the end he has in view.

Mr. CAHAN: Will the minister renew his assurance for the next session of parliament?

Mr. LAPOINTE (Quebec East): Yes.

BUSINESS OF THE HOUSE

FURTHER LEGISLATION

Right Hon. R. B. BENNETT (Leader of the Opposition): May I inquire what additional legislation we may reasonably expect during the present session? I would have inquired on Monday but I thought possibly the Prime Minister might like an opportunity to determine the matter, and this seems to be the appropriate time to ask.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I may say to my right hon. friend that I think the house already has before it practically all the proposed legislation. There are one or two minor matters which will have to be considered; I shall give the house a list of them to-morrow. There is, I think, nothing more of special importance.

Mr. BENNETT: That is quite satisfactory.

MAIL DELIVERY ON GOOD FRIDAY

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I should like to ask if there will be delivery of mail on Good Friday, a national, public and religious holiday.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The Postmaster General (Mr. Elliott) is not in his seat at the moment, but I shall direct his attention to the hon. member's question, so that it may be answered to-morrow.

Mr. CHURCH: I thought this was a Christian country.

Mr. MACKENZIE KING: It might be a Christian act to deliver the mail.

TAXATION OF WAR PENSIONERS

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): Mr. Speaker, I should like to ask the Minister of National Revenue (Mr. Ilsley), first, whether it would be possible to ascertain the amount of revenue the government derived in 1936 from the taxation of pensioned veterans of the late war, and second, whether the government has considered putting such pensions on a tax-free basis.

Hon. J. L. ILSLEY (Minister of National Revenue): Perhaps the hon. member would put the question on the order paper. I shall try to get an answer to it.

INQUIRIES FOR RETURNS

DEPARTMENT OF AGRICULTURE—DISMISSAL OF EMPLOYEES

On the orders of the day:

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, may I ask the Minister of Agriculture (Mr. Gardiner) if a return ordered on January 27 relating to dismissals from the Department of Agriculture can now be tabled?

Hon. J. G. GARDINER (Minister of Agriculture): It will be brought down to-morrow.

GRAND TRUNK RAILWAY SECURITIES

On the orders of the day:

Hon. H. H. STEVENS (Kootenay East): Some weeks ago a question I had on the order paper from the early part of the session dealing with the matter of the Grand Trunk securities was passed as an order for return, but as far as I know the return has not yet been tabled. I would ask the government to look into the matter and see if I can have the return very shortly.

Hon. C. D. HOWE (Minister of Transport): I have discussed the matter with my deputy, who has the matter in hand. It deals with a delicate legal situation, and it is necessary to obtain very complete legal advice before we answer the question.

NEW WESTMINSTER PENITENTIARY

On the orders of the day:

Mr. THOMAS REID (New Westminster): I should like to ask the Minister of Justice (Mr. Lapointe) if his attention has been drawn to a matter affecting the administration of the penitentiary at New Westminster, where the usual process has been reversed in that some person or persons succeeded in breaking into the penitentiary over the high walls surrounding that institution, and were able to

get away with some valuable equipment. My second question is this: Can the minister inform the house when the royal commission investigating the penitentiaries will reach the Pacific coast?

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, I shall be pleased to inquire into the first question raised by the hon. member, and do my best to satisfy his legitimate curiosity. In reply to the second question may I say the commission is in Kingston; it will complete its work there in the very near future, and will proceed to the Pacific coast.

WAYS AND MEANS

The house in committee of ways and means, Mr. Sanderson in the chair.

CANADA-UNITED KINGDOM TRADE AGREEMENT

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Chairman, last night we completed the discussion of schedule IV and that brings us to article 6.

Mr. CHAIRMAN: Article 6 is as follows:

The government of Canada undertake that the goods the growth, produce or manufacture of the United Kingdom enumerated in schedule IV appended hereto, when conveyed without transhipment from any part of the British empire enjoying the benefits of the British preferential tariff into a sea, lake or river port of Canada, shall not be subjected to duties of customs higher than those specified in that schedule.

The government of Canada undertake as regards goods the growth, produce or manufacture of the United Kingdom other than those enumerated in schedule IV that, under the British preferential tariff, no new protective duty shall be imposed and no existing protective duty increased except after an inquiry at which United Kingdom producers shall enjoy full rights of audience.

Article agreed to.

On article 7:

The government of Canada undertake that goods the growth, produce or manufacture of the United Kingdom enumerated in schedule IV, when not of a class or kind made in Canada and when subject to duties of customs on importation into Canada, shall, when conveyed without transhipment from any part of the British empire enjoying the benefits of the British preferential tariff into a sea, lake or river port of Canada, enjoy the benefit of preferential tariff margins which, in the case of any such goods, shall not be less than the difference between the rate of duty provided for in this agreement and the rate of duty now levied upon like goods the growth, produce or manufacture of any foreign country, provided however that, if the duty on foreign goods becomes less than such preferential tariff margin, no duty shall be levied on the like goods of United Kingdom origin.

Mr. BENNETT: Does that contemplate the possibility of a stop-over in any other country? The language is indefinite.

Mr. DUNNING: Is the leader of the opposition referring to the method of shipment?

Mr. BENNETT: Yes?

Mr. DUNNING: It is the usual shipment provision; there must be direct shipment.

Mr. BENNETT: From British port to British port?

Mr. DUNNING: Yes.

Article agreed to.

Mr. BENNETT: Is the schedule to be taken up now?

Mr. DUNNING: Article 7 refers to schedule IV which was passed last night. We will now proceed to article 8.

On article 8:

The government of Canada undertake in respect of the goods the growth, produce or manufacture of the United Kingdom enumerated in schedule V appended hereto that the difference between the rates of duties of customs on such goods on importation into Canada, when conveyed without transhipment from any part of the British empire enjoying the benefits of the British preferential tariff into a sea, lake or river port of Canada, and the rates upon similar goods the growth, produce or manufacture of any foreign country shall not be less than the margins set out in that schedule.

Mr. DUNNING: That brings us to schedule V:

SCHEDULE V

(*See* Article 8)

PART I

No. of Canadian Tariff Item	Article	Margin of Preference
203a	Chemical compounds composed of two or more acids or salts soluble in water, adapted for dyeing or tanning	10 p.c.
203b	Aniline and coal tar dyes, adapted for dyeing, in bulk, or in packages of not less than one pound	10 p.c.
208e	Cresylic acid and compounds of cresylic acid, used in the process of concentrating ores, metals or minerals, n.o.p.	15 p.c.
ex 208j	Sal Ammoniac	20 p.c.
208m	Sulphate of copper (blue vitriol)	10 p.c.
208o	Cream of tartar in crystals and tartaric acid crystals	10 p.c.
208r	Oxide of tin or of copper	15 p.c.
208s	Sulphate of zinc and chloride of zinc	20 p.c.
208t	All chemicals and drugs, when of a kind not produced in Canada, which were on August 20th, 1932, dutiable at rates of 15, 25, and 25 p.c., under Tariff item 711	20 p.c.
ex 210	Peroxide of soda; bichromate of soda; nitrate of soda or cubic nitre, n.o.p.; sulphide of sodium: nitrite of soda; arseniate, binarseniate, chlorate, bisulphite and stannate of soda; prussiate of soda and sulphite of soda	15 p.c.
212	Sulphate of alumina or alum cake; and alum in bulk, ground or unground, but not calcined	15 p.c.
215	Stearic acid, n.o.p.	17½ p.c.
216	Acids, n.o.p., of a kind not produced in Canada	20 p.c.
ex 219	(ii) Solutions of hydrogen peroxide containing 25 per centum or more by weight of hydrogen peroxide	20 p.c.
219d	Sulphuric ether; chloroform, n.o.p.; preparations of vinyl ether for anaesthetic purposes	20 p.c.
240	Ultramarine blue, dry or in pulp; whiting or whitening; Paris white and gilders' whiting; blanc fixé; satin white	10 p.c.
242	Dry red lead; orange mineral; antimony oxide, titanium oxide, and zinc oxide such as zinc white and lithopone; white pigments containing not less than 14 per cent. by weight of titanium dioxide	15 p.c.
246b	Stains and oxides, valued at not less than 20 cents per pound, for use exclusively as colouring constituents in the manufacture of vitreous enamels and pottery glazes; and liquid gold paint, for use exclusively in the manufacture of tableware of china, porcelain or semi-porcelain	20 p.c.
ex 247 247a	Artists' and schoolchildren's colours; fitted boxes containing the same; artists' brushes; pastels, of a value of one cent per stick, or over; artists' canvas, coated and prepared for oil painting	25 p.c.
264	Essential oils, n.o.p., including bay oil, otto of limes, and peppermint oil	7½ p.c.
276b	Cotton seed and crude cotton seed oil, when imported by manufacturers of cotton seed meal and refined cotton seed oil, for use exclusively in the manufacture of such commodities, in their own factories	10 p.c.
277	Palm and palm kernel oil, unbleached or bleached, not edible; shea butter	10 p.c.
278	Oils, viz:—cocoanut, palm and palm kernel, not edible, for manufacturing soap; carbolic or heavy oil	10 p.c.
278b	Crude peanut oil, for refining for edible purposes, used as materials in Canadian manufactures	10 p.c.

No. of Canadian Tariff Item	Article	Margin of Preference
287	All tableware of china, porcelain, semi-porcelain, or white granite, but not to include tea-pots, jugs and similar articles of the type commonly known as earthenware	35 p.c.
300	Crucibles of clay, sand or plumbago	15 p.c.
318	Common and colourless window glass	15 p.c.
319	Glass, in sheets, and bent plate glass, n.o.p.	25 p.c.
320	Plate glass, not bevelled, in sheets or panes not exceeding seven square feet each, n.o.p.	20 p.c.
321	Plate glass, not bevelled, in sheets or panes, exceeding seven square feet each, and not exceeding twenty-five square feet each, n.o.p.	20 p.c.
339a	Lead capsules for bottles	25 p.c.
ex 353	Aluminium and alloys thereof, viz:—angles, channels, beams, tees and other rolled, extruded or drawn sections or shapes; pipes and tubes	25 p.c.
370	Copper rollers, and stones, used in the printing of textile fabrics or wall paper	10 p.c.
407	Silent chain and finished roller chain, of iron or steel, and complete parts thereof, of a class or kind not made in Canada, n.o.p., either chain of the type which operates over gears or sprockets with machine-cut teeth	20 p.c.
409p	Pasteurizers for dairying purposes and complete parts thereof	15 p.c.
410a	Face loading machines, shaker trough or belt trough conveyors, air engines, flame proof enclosed driving motors, of a class or kind not made in Canada, and integral parts of all motive power or machinery mentioned in this item, for use exclusively at the face in mining operations	10 p.c.
410b	Machinery and apparatus for use exclusively in washing or dry cleaning coal at coal mines or coke plants; machinery and apparatus for use exclusively in producing coke and gas; machinery and apparatus for use exclusively in the distillation or recovery of products from coal tar or gas; and complete parts of all the foregoing, not to include motive power, tanks for gas, nor pipes and valves 10½ inches or less in diameter	10 p.c.
410n	Diamond drills and core drills, not including motive power, electrically operated rotary coal drills, and coal cutting machines, n.o.p., and integral parts of the foregoing, for use exclusively in mining operations	10 p.c.
412b	Flat bed cylinder printing presses, to print sheets of a size 25 by 38 inches or larger, and complete parts thereof; machines designed to fold or sheet feed paper or cardboard, and complete parts thereof	10 p.c.
412d	Offset presses; lithographic presses, printing presses and typemaking accessories therefor, n.o.p.; complete parts of the foregoing, not to include saws, knives and motive power	10 p.c.
413	Machinery and apparatus of a class or kind not made in Canada, and parts thereof, specially constructed for preparing, manufacturing, testing or finishing yarns, cordage, and fabrics made from textile fibres or from paper, imported for use exclusively by manfacturers and scholastic or charitable institutions in such processes only	5 p.c.
ex 427 ex 446a *et al.*	Motion picture projectors, arc lamps for motion picture work, motion picture or theatrical spot lights, light effect machines, motion picture screens, portable motion picture projectors complete with sound equipment: complete parts of all the foregoing, not to include electric light bulbs, tubes, or exciter lamps	15 p.c.
427b	Ball and roller bearings	25 p.c.
428e	Diesel and semi-diesel engines, and complete parts thereof, n.o.p.	25 p.c.
428f	Air-cooled internal combustion engines of not greater than 1½ h.p. rating, and complete parts thereof	20 p.c.
ex 429	Cutlery of iron or steel, plated or not:— (c) Penknives, jack-knives and pocket knives of all kinds	25 p.c.
438g	Motor cycles or side cars therefor, and complete parts of the foregoing	20 p.c.

No. of Canadian Tariff Item	Article	Margin of Preference
440j	Trawls, trawling spoons, fly hooks, sinkers, swivels, sportsmen's fishing reels, bait, hooks, and fishing tackle, n.o.p.	25 p.c.
440l	Aircraft and complete parts thereof, not including engines, under regulations prescribed by the Minister	17½ p.c.
ex 445k	Electrical instruments and apparatus of precision, of a class or kind not made in Canada, viz.:—meters or gauges for indicating and/or recording altitude, amperes, comparisons, capacity, density, depth, distance, electrolysis, flux, force, frequency, humidity, inductance, liquid levels, ohms, operation, power factor, pressure, space, speed, stress, synchronism, temperature, time, volts, volume, watts; complete parts thereof	15 p.c.
445l	Electric storage batteries, composed of plates measuring not less than eleven inches by fourteen inches and not less than three-quarters inch in thickness; complete parts thereof	25 p.c.
446	Electric steam turbo generator sets, 700 h.p. and greater, of a class or kind not made in Canada, and complete parts thereof	20 p.c.
ex 476	Dental instruments of any material; surgical needles; X-ray apparatus; microscopes valued at not less than $50 each, by retail; and complete parts of all the foregoing	10 p.c.
522f	Yarns and warps, wholly of cotton, number forty and finer, when imported by manufacturers of mercerized cotton yarns, for use exclusively in the manufacture of mercerized cotton yarns, in their own factories	15 p.c.
523c	Woven fabrics, wholly of cotton, composed of yarns of counts of 100 or more, including all such fabrics in which the average of the count of warp and weft yarns is 100 or more	27½ p.c.
523f	Woven fabrics of cotton, not coloured, when imported by manufacturers of typewriter ribbon for use exclusively in the manufacture of such ribbon in their own factories	12½ p.c.
537b	Linen thread, for hand or machine sewing	22½ p.c.
ex 540	*(a)* Woven fabrics, in the web, wholly of flax or hemp, not to include towelling and glass cloth of crash or huck, with or without lettering or monograms woven in, nor table cloths and napkins of crash with coloured borders	30 p.c.
	(b) Articles wholly of flax or hemp, such as sheets, pillow cases, table cloths and napkins, towels and handkerchiefs, but not to include towels or glass cloths of crash or huck, with or without lettering or monograms woven in, nor tablecloths and napkins of crash with coloured borders	30 p.c.
541a	Woven fabrics, wholly of jute, n.o.p.	22½ p.c.
551c	Yarns and warps composed wholly of hair, or of hair and any vegetable fibre, imported by manufacturers for use in their own factories	12½ p.c. and per pound 15 cts.
553a	Stereotypers' and typecasters' blankets or blanketing and press blankets or blanketing used for printing presses, of a class or kind not made in Canada	5 p.c.
558e	Yarns and warps, wholly of thrown silk in the gum, rovings, yarns and warps, wholly of spun silk, not coloured, imported by manufacturers for use exclusively in their own factories for knitting underwear, for weaving, or for the manufacture of silk thread	7½ p.c.
586	Coal, anthracite, n.o.p.	per ton 50 cts.
598a	Brass band instruments, of a class or kind not made in Canada; bagpipes and complete parts	25 p.c.
605	Leather produced from East India tanned kip, uncoloured or coloured other than black, when imported for use exclusively in lining boots and shoes; genuine reptile leathers	15 p.c.
605a	Genuine pig leathers and genuine Morocco leathers; so-called roller leathers	25 p.c.
689	Charcoal, animal, for use in the refining of sugar	25 p.c.

PART II

No. of Canadian Tariff Item	Article	Margin of Preference
ex 377a *et al.*	Wrought iron in the form of billets, bars, rods, sheets, strips, plates or skelp.....	20 p.c.
ex 378	Bars and rods, of iron or steel; billets, of iron or steel, weighing less than 60 pounds per lineal yard:—	
	(d) Hot rolled, valued at not less than 4 cents per pound, n.o.p.....	12½ p.c.
ex 379	Bars or rods, of iron or steel, including billets weighing less than 60 pounds per lineal yard, hot rolled, as hereunder defined, under regulations prescribed by the Minister:—	
	(f) Sash or casement sections of iron or steel, hot or cold rolled, not punched, drilled nor further manufactured, when imported by manufacturers of metal window frames, for use in their own factories.....per ton	$7.00
ex 380	Plates of iron or steel, hot or cold rolled:—	
	(b) More than 66 inches in width, n.o.p.....per ton	$6.00
ex 381	Sheets, of iron or steel, hot or cold rolled:—	
	(a) ·080 inch or less in thickness, n.o.p.....	12½ p.c.
ex 383	Sheets, plates, hoop, band or strip, of iron or steel:—	
	(a) Coated with tin, of a class or kind not made in Canada, n.o.p.....	15 p.c.
	(b) Coated with tin, n.o.p.....	20 p.c.
	(c) Coated with zinc, n.o.p.....	12½ p.c.
385a	Sheets, plates, hoop, band or strip, of rust, acid or heat resisting steels, hot or cold rolled, polished or not, valued at not less than five cents per pound...	20 p.c.
ex 386	Sheets, plates, hoop, band or strip, of iron or steel, as hereunder defined, under regulations prescribed by the Minister:—	
	(a) Plates, when imported by manufacturers for use exclusively in the manufacture or repair of the pressure parts of boilers, pulp digesters, steam accumulators and vessels for the refining of oil, in their own factories .....per ton	$5.00
	(k) Sheets, hot or cold rolled, when imported by manufacturers of hollow-ware coated with vitreous enamel or of apparatus designed for cooking or for heating buildings, for use exclusively in the manufacture of hollow-ware coated with vitreous enamel or of vitreous enamelled sheets for apparatus designed for cooking or for heating buildings.....	10 p.c.
	(m) (i) Sheets of iron or steel, cold rolled, when imported by manufacturers for use exclusively in the manufacture of sheets coated with tin.....	15 p.c.
	(ii) Sheets, hoop, band or strip, of iron or steel, hot rolled, when imported by manufacturers for use exclusively in the manufacture of sheets, hoop, band or strip, coated with zinc or other metal or metals, not including tin, in their own factories.....	15 p.c.
	(q) Hoop steel, hot or cold rolled, plain or coated, ·064 inch or less in thickness, not more than three inches in width, when imported by manufacturers of barrels or kegs or by manufacturers of flat hoops for barrels and kegs, for use exclusively in their own factories.....	12½ p.c.
387c	Steel grooved (or girder) rails for electric tramway use, weighing not less than 75 pounds per lineal yard, punched, drilled, or not, of shapes and lengths not made in Canada.....per ton	$7.00
388	Iron or steel angles, beams, channels, columns, girders, joists, tees, zees and other shapes or sections, not punched, drilled or further manufactured than hot rolled, weighing not less than 35 pounds per lineal yard, n.o.p.; piling of iron or steel, not punched or drilled, weighing not less than 35 pounds per lineal yard, including interlocking sections, if any, used therewith, n.o.p .....per ton	$3.00
ex 392 392a	Forgings of iron or steel, in any degree of manufacture, hollow, machined or not, not less than 12 inches in internal diameter; and all other forgings, solid or otherwise, in any degree of manufacture, of a weight of 20 tons or over.....	20 p.c.
393	Tires, of steel, in the rough, not drilled or machined in any manner, for railway vehicles, including locomotives and tenders.....	10 p.c.
ex 394	Axles and axle bars, n.o.p., and axle blanks, and parts thereof, of iron or steel:—	
	(a) For railway vehicles, including locomotives and tenders.....	17½ p.c.
ex 397b 398a	Pipes and tubes of iron or steel, seamless, cold drawn, plain ends, polished, valued at not less than five cents per pound; steel tubes, welded or seamless, more than 10½ inches in diameter, with plain ends, when imported for use exclusively in the manufacture or repair of rolls for papermaking machinery..	15 p.c.
ex 401	Wire, of iron or steel:—	
	(a) Barbed fencing, coated or not.....	10 p.c.
	(b) Twisted, braided or stranded, including wire rope or cable, coated or not, n.o.p.....	10 p.c.
ex 403	Wire, of steel:—	
	(c) Valued at not less than 2¾ cents per pound, when imported by manufacturers of wire rope for use exclusively in the manufacture of wire rope, in their own factories, under regulations prescribed by the Minister.....	5 p.c.

The schedule now before us comprises ninety-one tariff items, eighty-four of which have already appeared in schedule IV, so far as rate of duty is concerned. In schedule V Canada undertakes to maintain the preferential margins indicated in the schedule. The chief difference between the present schedule V and schedule E of the old agreement is with respect to the number of items, there being 215 in the former agreement and 91 in this one. The 215 were qualified subsequently by negotiation between the two countries, with respect to some ten or fifteen—

Mr. BENNETT: More than that. There were 100 free items with Great Britain when the late government left office.

Mr. DUNNING: I believe my right hon. friend and I are not talking about the same thing. I am referring only to fixed margins.

Mr. BENNETT: They were taken out, and therefore no longer were applicable. That was done by agreement between the Canadian and British governments. Some of these bound items were made free. As a matter of fact others of them were found to have no value at all.

Mr. DUNNING: I do not think there is anything further I can say about the schedule as a whole. We can take it item by item if that is the way the committee desires to proceed.

Mr. BENNETT: The only items that need be considered, I should think, are those not covered by the items already disposed of. We have gone over the rates of duty with respect to a number of these items, and the effect of this schedule is to bind certain articles that we considered yesterday.

Mr. DUNNING: To bind the margin.

Mr. BENNETT: Yes, except with respect to certain of them, and I should think we could dispose of those certain items and the others might be taken as already disposed of. There are ninety-one items in all, and it could be done very quickly.

Mr. DUNNING: I think I should indicate to the committee those items on which there is a change in the amount of margin; I believe that would facilitate discussion of the whole schedule. On item 410b, coal cleaning equipment, the preference is increased by means of a reduction in the British preference rate, which was effected yesterday in schedule IV. On item ex 427-ex 446a, motion picture equipment, the margin of preference is also increased by reducing the British preference rate in schedule IV. On item ex 445k, electrical instruments, the margin of preference is increased by reducing the British preference rate, which we did yesterday. On item ex 392, forgings of steel, the preference is also increased by reducing the British preferential rate. On item ex 397b, pipes and tubes of iron and steel, the preference is increased by a reduction in the British preferential rate. There are twenty-one items on which the preferential margin is reduced.

Mr. BENNETT: It was those items I was going to ask the minister to mention; it seemed to me that we would save time in that way.

Mr. DUNNING: These are the items: ex 208j, sal ammoniac; the margin is reduced. Item 208t, chemicals n.o.p.; the margin is reduced. Item ex 210, peroxide of soda and so on, is removed from the margin list. Item 216, acids n.o.p.; the margin is reduced. Item ex 219, solutions of hydrogen peroxide; the margin is reduced. Item 219d, sulphuric ether and chloroform; the margin is reduced. Item ex 247-247a, artists' colours and so on; the margin is reduced. Item 320, plate glass; the margin is reduced. Item 321, other plate glass; the margin is reduced. Item 339a, lead capsules for bottles; the margin is reduced. Item ex 353, certain manufactures of aluminum; the margin is reduced. Item 428f, combustion engines; the margin is reduced. Item ex 429, penknives and pocket knives; the margin is reduced. Item 440 (l), aircraft; the margin is reduced. Item 523c, cotton fabrics woven of yarns of counts of 100 or more; the margin is reduced. Item ex 540 (a), pure linen fabrics; the margin is reduced. Item ex 540 (b), articles made from pure linen; the margin is reduced. Item 551c, hair yarns; the margin is reduced. Item 605a, pig leathers and moroccos; the margin is reduced. Item 392a, hollow forgings; the margin is reduced. Item 398a, polished tubing; the margin is reduced.

Mr. BENNETT: In order that there may be no misunderstanding, that has reference not to the duty but to the established and fixed margin.

Mr. DUNNING: Yes.

Mr. BENNETT: There are two items to which I desire to direct attention. The maintenance of a twenty per cent margin on plate glass is referred to in one item, and without going into it in detail, I noticed that the report made yesterday with regard to automobiles dealt with this question. Frankly I glanced through that report very rapidly, and just noticed that there was some reference to the matter, but I intend to look at it more carefully when the opportunity arises. What

I desire to point out, however, is this: we seem to be in a most unfortunate position in connection with plate glass. It affects our furniture situation and our automobile situation, and the whole business seems to be in the hands of a cartel or syndicate. It does seem that we are bound to make our purchases under conditions and circumstances with regard to prices that certainly enhance the cost of the production of some of our furniture and some of our automobiles. Can nothing be done in that regard? The margin of twenty per cent that is still maintained is much more than is necessary, having regard to the fact that the Belgian operations are under the control of the British, and the whole thing is operated by one vast—I hesitate to use the word "combine"—

Mr. DUNNING: It goes beyond that.

Mr. BENNETT: I would not use that word. I would use the word "cartel," but it is more than a cartel. They have a cartel, but in addition they have an overriding organization that deals with the subject. I have no doubt that the minister had this brought to his attention when he was discussing this agreement. Does he see no way out for us at all in connection with it? It has become a matter of substantial importance to the Canadian people.

Mr. DUNNING: I agree.

Mr. BENNETT: It is dealt with in these two items, 320 and 321. I confess that I have no constructive suggestion to make, but I thought possibly the minister, having looked into it, might have in mind some method by which we could overcome the difficulty.

Mr. DUNNING: Plate glass, of course, is a splendid illustration of the extreme of the cartel situation. I think all who have studied the matter will agree with that statement. It will be noticed that in the ordinary budget tariff items this session a reduction of five per cent, which is one-fifth of the duty under the intermediate tariff, is being made.

Mr. BENNETT: I am afraid that is not going to help very much. Probably anything short of free entry would not be of much help.

Mr. DUNNING: There is some question as to whether even free entry would help.

Mr. BENNETT: Yes, I know.

Mr. DUNNING: I want to proceed with reasonable care. The British government is fully aware of the views of the Canadian government, which are substantially similar to those expressed by the leader of the opposition a few moments ago, and indeed this position is at least partly responsible for article 10 of the agreement, which will enable us to make plate glass free if cartelizing conditions continue to affect Canadian industry in the manner in which this plate glass cartel has affected and is affecting Canadian industry to-day. I am advised that there has been some little improvement, but I am not prepared to say that we regard the situation as at all satisfactory even yet.

[Mr. Bennett.]

Mr. BENNETT: As far as article 10 is concerned, we had not reached it and I was not going to mention this matter until we came to it, but the truth is that we knew of the existence of the condition provided for in article 10 when we signed the agreement, because there is nothing new about it. I am sorry to say that it has been known to me for years and I think it has been known to the minister, so that as far as article 10 is concerned we signed it with full knowledge of the fact that it applied to plate glass. But by what method we can avail ourselves of that article to improve conditions is something else entirely, and I asked the minister if he had any suggestion to make, as to how that result might be brought about.

Mr. DUNNING: The British government know our views on the matter, of course, and plate glass is in a sense not now bound, if we wish to invoke the provisions of article 10 to unbind it. In a sense the producers are warned, and we shall take advantage of the provisions of article 10, unless there is improvement in this situation, to make plate glass free if necessary under the intermediate tariff. I know they are showing a disposition to cooperate, but as yet I am not prepared to guarantee the effectiveness of that cooperation. It is certain that both governments are now interested in eliminating the conditions complained of.

Mr. HARRIS: Could the minister tell us something about crude peanut oil, item 278b, which was not mentioned in the other schedule?

Mr. DUNNING: We are guaranteeing the continuance of the present preference of ten per cent on crude peanut oil from Great Britain. This means that a tariff of ten per cent will be continued during the life of this agreement under the intermediate heading.

Mr. BENNETT: That is the margin.

Mr. DUNNING: Yes.

Mr. HARRIS: There are large imports of this commodity from China. A refinery is nearing completion in British Columbia which

I believe is to be used for the treatment of Chinese peanut oil. It is the intention to refine a product which comes in as not being for food and sell it for food purposes. I should be glad if the government would see to it that the statistics are so arranged as to give some indication of these imports of inedible products which are refined in this country and sold for food purposes.

The ten per cent preference to Great Britain is not enough perhaps and the margin of preference might well be increased in the interests of Canada. I think the United Kingdom will find it impossible to freight the crude peanuts from China, process them in England and then transport the resultant product to Canada on a ten per cent preference. The tendency will be to increase the imports from China direct. The cost of producing peanut oil or ground nut oil in China is so small that it comes into serious competition with the production of fats in Canada. Any increase in the preference would benefit Great Britain, and any excise tax, duty or processing tax which should be placed against this product would enure to the benefit of the Canadian producers of animal fats.

Mr. DUNNING: Item 278b covers crude peanut oil, for refining for edible purposes, used as materials in Canadian manufactures. The imports last year from the United Kingdom were valued at $1,650,000; from China, $900,000, and from the Netherlands, $580,000.

Mr. BENNETT: That would come from their East Indian islands.

Mr. DUNNING: Yes. While in England we were advised that they were pressing Indian peanuts to produce some of the oil which is sent to Canada. There is some question as to whether Chinese peanuts would qualify under the content clause of the agreement which stipulates fifty per cent British content. There was some indication that the product from Chinese peanuts crushed in England would not qualify, in that there has been a desire on the part of some of those interested to get the content requirement reduced as applied to this particular commodity. This parliament has the power to increase the margin at any time; we are simply guaranteeing that it will not be reduced.

Mr. HARRIS: Could you give the imports in pounds?

Mr. DUNNING: They are given in hundredweights.

Mr. HARRIS: I wanted to compare them with the other figures which were given in pounds. The minister can give the figures in tons if he likes, but we do not sell butter by the ton; it is sold to the housewife by the pound. A tank steamer load of this product was landed in Canada from China at a cost of less than two cents per pound. This oil was made up into a product which was described as capable of doing any shortening work that butter would do. When close to eighty per cent of a product which costs two cents per pound is made into shortening, it is pretty difficult to produce butter to compete with it.

Mr. DUNNING: The total imports under this item were 566,500 hundredweight, which reduced to pounds amounts to 56,650,000. The imports from the United Kingdom amounted to 264,380 hundredweight or 26,438,000 pounds.

Mr. HARRIS: And from China?

Mr. DUNNING: The imports from China amounted to 18,600,000 pounds.

Mr. CLARKE (Rosedale): I should like to refer back to item ex 710, which reads:

Coverings, inside and outside, used in covering or holding goods imported therewith, shall be subject to the following provisions.

Would that pertain to the importation of British hats that are in a hat box as an inside container?

Mr. ROSS (Moose Jaw): The hon. member is out of order. That item was passed last night.

Mr. CLARKE (Rosedale): It is just for information that I am asking the minister whether the reduction of five per cent is on the hat-boxes that would be contained in the large box container, or the container itself, or both.

Mr. DUNNING: I do not wish to call my hon. friend out of order; he appreciates, I know, that the item about which he is asking the question is not before us in this schedule, and as it was passed last night I have not here to-day the detailed notes with respect to it which I had yesterday. But I can read to him the wording of the item, which of course must be interpreted by the National Revenue department in administration. In that connection I can indicate to him at once that there is no change in the wording of the item, so that whatever has been the practice will continue to be the practice so far as the wording is concerned.

The item reads:

Coverings, inside and outside, used in covering or holding goods imported therewith, shall be subject to the following provisions, viz:

(a) Usual coverings, containing free goods only; usual coverings, except receptacles capable of holding liquids, containing goods subject to a specific duty only, n.o.p.

And:

(b) Usual coverings, containing goods, not machinery, subject to any ad valorem duty, when not included in the invoice value of the goods they contain.

There is no change in the wording of that item.

Article agreed to.

The CHAIRMAN: What shall we now deal with?

Mr. DUNNING: If we have carried schedule V we shall go back to article 9.

Schedule V agreed to.

On article 9:

The two governments undertake that, except as provided for in legislation already in force, goods the growth, produce or manufacture of either country covered by the provisions of articles 1 and 2, or of the first paragraph of article 6, as the case may be, shall not be subjected on importation into the other country to any imposts or charges other than the customs duties leviable in accordance with the provisions of the said articles unless equal imposts or charges are imposed on similar goods the growth, produce or manufacture of the importing country.

Mr. DUNNING: This is the usual standard clause in commercial treaties.

Article agreed to.

On article 10:

Each government reserve the right to suspend or modify the preferential margin specified in respect of any item in schedule III or schedule V, as the case may be, if, after inquiry, it appears to that government that a predominating share of the trade in such item is controlled by any organization or combine of exporters and that by virtue of the guaranteed margin that organization or combine is exercising this control to the prejudice of consumers or users of the goods in question.

Article agreed to.

On article 11:

Neither government will, without the consent of the other government, amend their regulations regarding qualification for preferential tariff treatment so as to increase above fifty per centum the prescribed proportion of the value of any class of manufactured articles which must be derived from expenditure in the British empire in order to entitle the articles to preference.

Mr. BENNETT: That fixes it at fifty per cent, then.

Mr. DUNNING: No.

Mr. BENNETT: That is what it says.

Mr. DUNNING: It is an undertaking that neither country will increase the proportion beyond fifty per cent.

Mr. BENNETT: That is what I say.

[Mr. Dunning.]

Mr. DUNNING: It fixes the maximum, but it does not fix fifty per cent.

Mr. BENNETT: No. That is the maximum.

Article agreed to.

On article 12:

The government of Canada, recognizing that the entry of Canadian goods into the United Kingdom market free of duty, as assured in article 1 of this agreement and, in particular, their exemption from liability to any special or dumping duty, even if sold in that market at less than their comparable selling price in Canada, warrant more nearly reciprocal treatment of United Kingdom goods offered for sale in similar circumstances in Canada, agree to exempt particular classes of United Kingdom goods from special or dumping duty under the conditions set out in the following paragraphs.

If it appears to the government of the United Kingdom that any goods enjoying entry free of duty into the United Kingdom under the provisions of article 1 of this agreement are exported from Canada to the United Kingdom at export or selling prices lower than the fair market value for home consumption, as determined on the bases laid down in section 6 of the customs tariff of Canada, and that in consequence thereof the sale of similar United Kingdom goods is being prejudicially or injuriously affected, they may notify the government of Canada of the facts of the case and request that United Kingdom goods of each or any class or kind normally manufactured by the Canadian industry manufacturing the goods in question shall be exempt from special or dumping duty on importation into Canada.

On receipt of such notification and request the government of Canada will take suitable steps to correct the situation complained of and, if other measures are ineffectual, will exempt United Kingdom goods, as specified in the notification, from special or dumping duty for such period as may prove necessary. Recognizing that in certain circumstances it may be found necessary to exempt from special or dumping duty other United Kingdom goods of a class or kind normally manufactured by the Canadian industry manufacturing the goods in question, the government of Canada agree that they will accord sympathetic consideration to any request that the United Kingdom government may make under this article for such exemption and will, in consultation with the United Kingdom government, determine what measures shall be taken to restore fair trading conditions.

Mr. MacNICOL: I have been wondering whether there is any means by which the minister could induce the Canadian manufacturer, or be assured that the Canadian manufacturer will do so, to honour the intent of the agreement and eliminating any possibility of the United Kingdom finding it necessary to inflict upon Canadian industry the penalties herein contained. I am certainly not in accord with the Canadian manufacturer dumping on the British market or the British manufacturer dumping on our market;

there should be the strictest fair play. Perhaps there is some necessity for all the provisions of this article, but as I have said, I wonder if there is no other way whereby the government could ensure fair trade between the manufacturers of the two countries. I note that the article states:

> If . . . any goods . . . are exported from Canada to the United Kingdom at export or selling prices lower than the fair market value for home consumption . . .

Such a condition should not exist. I mean that no manufacturer should so violate the principles of fair trading as to permit such a condition to arise. A little further on it is stated that the United Kingdom government—

> . . . may notify the government of Canada of the facts of the case and request that United Kingdom goods of each or any class or kind normally manufactured by the Canadian industry manufacturing the goods in question shall be exempt from special or dumping duty on importation into Canada.

It is provided further:

> On receipt of such notification and request the government of Canada will take suitable steps to correct the situation complained of and, if other measures are ineffectual, will exempt United Kingdom goods as specified in the notification, from special or dumping duty for such period as may prove necessary. Recognizing that in certain circumstances it may be found necessary to exempt from special or dumping duty other United Kingdom goods of a class or kind normally manufactured by the Canadian industry manufacturing the goods in question, the government of Canada agree that they will accord sympathetic consideration to any request that the United Kingdom government may make under this article for such exemption . . . .

It is pointed out that where the United Kingdom finds it necessary it may apply to the Canadian government for permission to dump into Canada any line of goods of a kind made by a Canadian company which is violating the article. I find from certain surveys I have made that in England there are a large number of companies that manufacture on a mass scale, confining themselves to one line whereas in Canada many companies make many lines—I speak about the line that I am more familiar with—a certain company manufactures boilers, radiators, iron pipe, iron pipe fittings, castings in connection with the steamfitting trade, valves and so on. This condition does not exist in the old country in their large plants. As I understand this article, if the United Kingdom found that a Canadian company manufacturing radiators violated the spirit of the agreement by dumping radiators in England, then the United Kingdom could ask for permission to dump into Canada not only radiators but all the other lines I have mentioned as manufactured by a particular company making radiators in Canada. It strikes me that if we could use some means to prevent a violation of the spirit of the article—and evidently the hope is implied in the article that it will not be violated—trade would be much more amicable between the two countries than if it were necessary for Great Britain to seek to dump upon our market not only the particular line in respect to which the treaty might be violated but all the other lines manufactured by such a company as I have mentioned.

Mr. BROWN: I have read article 12 several times and I am utterly unable to understand it. I do not get its meaning. No doubt the minister is aware that both countries engage in a certain amount of dumping, that is, selling goods in each other's market somewhat below the selling price in the home market. I am wondering what the actual meaning of this article is.

Mr. HARRIS: The questions I have in mind are similar to the one asked by the hon. member for Hamilton East (Mr. Brown). We might go as far as to say that all countries do some dumping, and in that direction I can see grave difficulties for Canadian industry under this Canada-United Kingdom agreement. The remarks I am now making I base on our exports to the United Kingdom at the present time and that proportion of those exports that might be termed manufactured goods. At present we export to the United Kingdom about 20 per cent of household food products; in round figures, about 40 per cent of grains, seeds and animal products; 35 per cent of building materials, and products for the secondary industries, such as lumber and so on; while our exports of manufactured goods to Britain amount to between 5 and 7 per cent in what might be described as manufactured goods, the main items being rubber products, footwear and so on, amounting to about $4,500,000; cotton products, $500,000; hardware, about $1,250,000; automobiles, about $2,000,000; films, about $1,750,000; leather goods, about $750,000; soaps about $700,000, and other miscellaneous items making a total of about $16,000,000 of manufactured goods, largely the product of the Canadian workman and the use of Canadian raw material.

Under this article, as I read it, that trade is imperilled. We have in our customs act a provision, section 6, I believe, with regard to the fair market value for home consumption; and when one thinks of what that provision means in its relation to the dumping

of goods from foreign countries, and in conjunction with the adoption of article 12, one can see that one of the first consequences will be a decline in the standard of living here to the United Kingdom level. But it is much more far-reaching than that. As I understand the United Kingdom tariff structure, they have not in their customs law a provision similar to ours with respect to dumping, with the result that countries such as Czechoslovakia, Belgium, France and even Russia can pay the duty that is prescribed by the United Kingdom tariff and sell their products in England. For, as we all know, the duty there is not nearly sufficient to stop the practice of European dumping, and I understand that the United Kingdom has no dumping provision. The result is that the consumer in England of products that are made in these countries can very well buy those products at a lower price, even with the duty paid, than he would be able to buy them in the United Kingdom.

In view of these facts I wish to ask a few questions which perhaps will induce the government to make some satisfactory answers along this line. I would ask them to see to it, whenever one of these items is brought to the attention of the Canadian government by the United Kingdom authorities, that the Canadian manufacturer and exporter to the British market shall not be placed in any inferior position or at any disadvantage in relation to the European manufacturer who is able to supply the English market with the same commodity. Will the Canadian government act immediately on any submission received from a United Kingdom manufacturer, which is not supported by full evidence, that the Canadian export price is lower than the fair market value as determined in section 6 of the Customs Act. I would expect the answer to that to be that they would so act. The minister will correct me if my surmise is wrong. Is it the understanding of the Canadian government that the United Kingdom government will investigate and determine whether the submission to it is a pertinent submission of facts which prove that the Canadian goods in question were actually dumped on the United Kingdom market?

Mr. DUNNING: The answer to that is that the United Kingdom government is under obligation to be certain of its facts before communicating with the Canadian government about the matter.

Mr. HARRIS: If the United Kingdom manufacturer merely submits to the United Kingdom government a claim as to alleged dumping, will that submission be accepted by the Canadian government for investigation without the United Kingdom government first investigating the complaint? Is the Canadian government just going to let the United Kingdom manufacturer make a complaint to the British government which is passed on by the British government without investigation, or will the United Kingdom government make an investigation before submitting the complaint to the Canadian government?

Mr. DUNNING: The second paragraph of the article I think makes that clear.

> If it appears to the government of the United Kingdom that any goods enjoying entry free of duty into the United Kingdom . . . are exported from Canada to the United Kingdom at export or selling pries lower than the fair market value for home consumption, as determined on the bases laid down in section 6 of the Customs Tariff of Canada. . . .

The United Kingdom government obligates itself to satisfy itself as to the facts. My hon. friend may be very sure that on any complaint from the British government under this section the Canadian government will also assure itself as to the correctness of the facts. This was one of the difficulties, in fact one of the chief criticisms made by the United Kingdom government, as regards the operation of trade between the two countries. The Federation of British Industries have made vigorous complaints to their own government regarding the dumping of free goods into the British market. As is well known, the federation rather desires the enactment of anti-dumping legislation in the United Kingdom. Up to this time no anti-dumping legislation has been enacted, and there does not appear to be a disposition to meet the problem in that way. There was however a complaint by the British government—a strong complaint, may I say—that when they are admitting our goods free of duty it is going pretty far to dump them on that market at prices lower than are charged for the same commodity under like conditions at home. It is very difficult to meet that argument. The manifest intention of both governments was to encourage fair trade practices and to go as far as possible to discourage unfair trade practices, and it was hoped that this provision would be itself effective in stopping the abuses, specific instances of which were brought to the attention of the Canadian ministers during the negotiations. The accuracy of the instances we could not question at the time, and investigations since have demonstrated that they were well founded in several rather important cases from the point of view of British trade.

I may say that with respect to this article I expected more complaint from Canadian industry than I have received. I have not had a single complaint, and only one inquiry as to its bearing, along the line that the hon. member for Davenport (Mr. MacNicol) took this afternoon. There is, I think, a fair understanding on the part of Canadian industry that the design of article 12 is to ensure fair trading as far as we can under the agreement.

Mr. HARRIS: As to the last observation of the minister I may say there are quite a number of complaints under way. Within forty-eight hours of the tabling of the agreement certain groups, members of the federation in the United Kingdom, got very busy, and if the minister has not received many complaints so far—

Mr. DUNNING: I meant complaints from Canadian manufacturers.

Mr. HARRIS: Answering my consumer friend sitting behind you, we are all anxious to do all we can for the consumer in Canada, yes; but let my hon. friend take a broad view of the situation and see what is actually going on the world over. The cartels in Europe, subsidized in some cases, are dumping the surplus products that they do not require for home consumption. Thus Great Britain finds herself the recipient of many million pounds' worth of cheap goods, and it is very difficult for us to hold our own against that position.

In regard to the British Federation of Industries, I think it is time that the government in Canada, regardless of its political stripe, should take into its confidence industry in Canada, in the same manner as the federation of British industries enjoys the confidence of the government of the United Kingdom. And I say to industry in Canada that they ought to get together and see that their representations are properly made to governments, divorcing the matter from politics, and that fair consideration is given to the possibility of making for diversified industry in this country.

Section 7 of the Customs Tariff contains these words: "If other measures are ineffectual to correct dumping." Does that mean that the Canadian government will authorize the dumping of United Kingdom goods into Canada if it appears that it cannot otherwise stop the Canadian manufacturer or exporter from dumping?

Furthermore, article 12 provides that a Canadian industry manufacturing the goods in question shall have these provisions applied against it. If one or two manufacturers, which may represent ten per cent of the trade, should transgress the dumping provisions, does this mean that the entire industry is to be penalized? Because we are bound to find among our industries a few people who will endeavour to dump a surplus in order to get ready cash or for some other reason. Is the entire industry in Canada to be penalized under this clause?

Mr. DUNNING: My hon. friend will notice the last words of article 12:

> . . . the government of Canada agree that they will accord sympathetic consideration to any request that the United Kingdom government may make under this article for such exemption and will, in consultation with the United Kingdom government, determine what measures shall be taken to restore fair trading conditions.

Mr. HARRIS: Is there a compensating clause for the Canadian industry?

Mr. DUNNING: It means that both governments recognize that there is a problem here. During the discussions the possible case cited by my hon. friend was discussed. The fact of course is that the government of the United Kingdom and the government of Canada are not antagonists in this matter; they are not going to adopt an unreasonable attitude towards each other. We know it is a problem for which we cannot lay down strict and specific remedies in law. Here we provide a possible type of remedy which can be applied on mutual consultation as to the manner and extent it is desirable to do so under the circumstances. My hon. friend must look at article 12 in that broad spirit. First its intent is by its very presence to say to those who are guilty of something which they know is unfair that here is a piece of machinery under which they can be penalized unless they reform. Secondly, if one or two units in a large industry are guilty there is the moral effect of the possibility that the whole industry may conceivably be made to suffer; therefore the moral influence of the whole industry would we hope be brought to bear upon members guilty of unfair practices. Failing that, the two governments must consider the circumstances, and in an extreme case my hon. friend from Davenport would be quite right. If a company manufacturing radiators, among other articles, dumped radiators into Great Britain, while a return privilege to British manufacturers of radiators to dump those radiators in Canada would not be effective as a remedy, under this article the British government could say to Canada, "Well, will you, the government of Canada, consider giving us the right to dump another article which is produced by the same industry that is dumping radiators into our

market?" One could not refuse at least to consider such a case if and when it arose, having regard to the basic fact which underlies this treaty, that our goods are going into their market not only free of dumping duty but free of any tariff duties whatever. It is a matter of elementary fairness, we think, to be willing to give consideration to some measures to prevent specific abuses such as were brought to our attention.

I do not claim for a moment that it is possible to put into language a clause which would be sufficiently tight to deal with this whole matter. One cannot imagine all the circumstances which might surround particular cases, but we do know that we can rely upon the good faith of the government of Great Britain, and I am sure I can say that the government of Great Britain relies upon our good faith. The two governments can cooperate to prevent those trade practices against which Great Britain has no anti-dumping law but against which our manufacturers are protected by means of the dumping provision in our customs law. Someone has said something about the consumers being protected. In that regard I should like to direct attention to section 17 of the customs tariff:

> In the event of producers of goods taking advantage of any duty imposed under this act to increase the price of such goods to the consumer, or using any such duty to maintain prices at levels deemed by the governor in council to be higher than should prevail, having regard to general economic conditions in the country, the governor in council may reduce or remove such duty.

It is just as well to remind ourselves once in a while of the existence of sections like that in the customs tariff.

Mr. ROSS (Moose Jaw): Will the minister be able in another year, we will say, to bring down instances that may be brought to his attention by the British government under this article, with the names of the firms that have committed the offence?

Mr. DUNNING: Well, at the moment I can see no reason why, one year from now, I should not give any case in which the guilty party had not reformed, so to speak. I do not know that it would be doing any good to recite that we had a difficulty with a certain organization and that during the year the difficulty was removed. I can see no need to reflect upon anyone in that fashion, but I see no objection at all to communicating to the house the names of any who persistently occasioned difficulty in this regard and who were incorrigible, if I may put it in that way.

[Mr. Dunning.]

Mr. ROSS (Moose Jaw): It might be good information to have, in regard to framing tariffs in another budget or before another house, if we knew that some of these people not only did not need any tariff but were able to sell for less than other firms could manufacture the goods in another market.

Mr. DEACHMAN: Has section 17 ever been invoked, and if so when and with regard to what commodity? The last case I recall was in connection with glass.

Mr. DUNNING: One is compelled to rely upon one's memory and that of the officials who are here, and it is impossible to answer that question from memory.

Mr. DEACHMAN: It has not been used very frequently.

Mr. DUNNING: It is there.

Mr. DEACHMAN: It has not been used very often.

Mr. HARRIS: The minister recited the last five or six lines of article 12. Without using time in reading that section again, as I see it this is all onesided. We all know that the English business man is a very shrewd trader, and we are not so highly organized here as they are in Great Britain. It seems to me it is the duty of our government to look after our people. I do not say for a moment that this provision was inserted in order to give the British government something to work on, but I do say there should be a compensating clause in similar language to take care of the Canadian manufacturer or the Canadian producer.

While I am on my feet I should like to ask what specific steps the government may take to restore so called trading conditions. Will the Canadian government see that these conditions are restored promptly, or as quickly as possible? Will our government see that this clause is not made to affect an entire industry when perhaps only ten or twelve per cent of that industry is incorrigible, to use the word of the minister?

Mr. DUNNING: I am afraid my hon. friend is pressing me too far when he asks me to indicate what can be done in particular cases, when the clause provides for consultation between the two governments and a maximum of cooperation. I do not think I should be pressed as far as that.

Mr. HARRIS: To come back to the other question, since there is nothing to prevent foreign goods from Belgium, Czechoslovakia and other European countries being dumped

on the United Kingdom market, at a dump more than equal to the United Kingdom cost plus import duty, will the government take action against any Canadian industry under this clause if that industry seeks to market goods in the United Kingdom in competition with such foreign manufactured products? That is to say, if Czechoslovakia ships an article into the United Kingdom valued at $100, against which there is a duty of 20 per cent, giving a total cost of $120; if Canada ships the same commodity to the same market to sell at $120, and it is then proven that this amount is a little less than the selling price of that article in Canada, would that constitute a matter which should receive sympathetic consideration on the part of the Canadian government on receipt of a complaint from the United Kingdom government? Or, on the other hand, will the government keep in mind at all times the fact that the value of goods shipped from these countries, plus the duty, should not be considered to be the value of similar goods coming from Canada? In other words, will the government see to it that our market for manufactured goods in Great Britain, which now absorbs only seven per cent of our total exports, is maintained and not thrown open to European countries, as I am rather afraid may happen in this case? I put that statement on record for the benefit of our friends overseas, and in order to bring this point to the attention of the minister. Where goods of the same class are manufactured in Europe, in Great Britain and also in Canada, in days gone by this has happened: They have been dumped into the United Kingdom by the European country and consumed by the people of the United Kingdom. In turn the goods produced in the United Kingdom were shipped to Canada under the preference, and here they competed with our own goods. But getting back to the main question, I should like the minister to say a few words with regard to the possibility of the dump being applied against Canadian goods when the total duty paid value of similar goods imported from European countries might be less than the selling price in Canada of the Canadian goods.

Mr. DUNNING: Of course such a case would have to be examined in the light of the evidence bearing upon the circumstances.

Mr. HARRIS: It is just the principle I wish to discuss.

Mr. DUNNING: I am certainly not going to answer positively a hypothetical question regarding the application of this clause. I am sure the hon. member does not expect that, but simply desires to put his remarks on record.

Mr. HARRIS: If I said to the minister that this is not a hypothetical case, would he enunciate a principle?

Mr. DUNNING: My hon. friend was not asking me to enunciate a principle, but has asked me as to the treatment of a particular case, one which did not involve the naming of the guilty industry, the nature of the commodity or anything other than an assumed set of facts. I am sorry I cannot answer him on that, but I can point out to him, with respect to that part of his question relating to the importation of foreign goods into Great Britain, that on foreign goods there is a duty, as he recognizes.

Mr. HARRIS: Yes, quite.

Mr. DUNNING: But does he also recognize that the British Import Duties Advisory Committee has power to act immediately in connection with such matters?

Mr. BENNETT: Only to recommend, that is all; they have no legislative power, and never have had.

Mr. DUNNING: We will get details of that. My officers assure me—

Mr. BENNETT: That they have legislative power?

Mr. DUNNING: No, not legislative power.

Mr. HARRIS: Would the minister—

Mr. DUNNING: Will the hon. member permit me to finish? I was about to say Great Britain can raise its duties against foreign countries to prevent the kind of abuse to which the hon. member has referred. The agreement relates to goods concerning which they are continuing to allow free entry from Canada. Under no circumstances, except by agreement between the two parties to the agreement, can any duty be placed upon those articles. Great Britain says to us, "Under these circumstances surely you are willing to cooperate with us in seeing to it that your manufacturers do not dump on our market goods which they are offering below the price at which they sell similar goods in their own market."

The whole design of the clause is to give notice to industry in both countries that the governments concerned take cognizance of the problem, and that they are deliberately setting up machinery for complaint and consultation as to the cause of complaints and the merits of them, and also, under certain circumstances, for the application of a remedy which the British government suggested would be a fair one. The application of that remedy, so far as Canada is concerned, is surrounded

by safeguards, and I can assure the hon. member the government will take every possible care to see that injustice is not done Canadian manufacturers. But I do not want to say a word in committee this afternoon which could be interpreted by any Canadian manufacturer as offering to him encouragement to dump in the British market, and thereby disturb proper and fair trading conditions there. I have no doubt at all that with respect to meeting foreign competition in the British market, these cases will be taken up on their merits, and that those merits will be apparent in the result.

Mr. HARRIS: I appreciate the minister's point, but I should like to follow it through to a conclusion. None of us encourages or wants to see our industry dump on the British or any other market, but I should imagine it would be a principle underlying the operation of this trade agreement, and that this government would accept it as a principle, that legislation under article 12 would not be effective against Canadian industry until such time as the United Kingdom corrected a case similar to the hypothetical one, so called by the minister, which I have brought to his attention.

Mr. BENNETT: This article says just the opposite.

Mr. HARRIS: That is to say, that the Canadian government would not feel disposed to permit the imposition of a dumping duty against Canadian goods going into the United Kingdom until such time as the United Kingdom had put her house in order with regard to the same commodities coming from Europe.

Mr. BENNETT: The agreement says the opposite to that.

Mr. HARRIS: I cannot just understand it.

Mr. BENNETT: Mr. Chairman, this is the most extraordinary article ever put in any agreement that has ever been before parliament. It is clear, from the explanation made by the minister, that he himself realizes that fact. Let us look at the article to find out first what the subject is, and then the predicate. It says:

The government of Canada—

Leaving out all the words in between—

—agree—

To what do they agree?

. . . to exempt particular classes of United Kingdom goods from special or dumping duty under the conditions set out in the following paragraphs.

[Mr. Dunning.]

That is a definite, positive and complete obligation assumed by the Dominion of Canada under the terms of a solemn written agreement. Let us have no misunderstanding about it:

The government of Canada . . . agree to exempt particular classes of United Kingdom goods from special or dumping duty under the conditions set out in the following paragraphs.

That is our obligation. All that comes between the words "the government of Canada" and "agree" are recitals of existing conditions. The obligation is what we agree to do, and we agree—there is no halfway house about it—

. . . to exempt particular classes of United Kingdom goods from special or dumping duty—

Under the following conditions. Therefore the next inquiry is: What are the conditions? They are five or six. Number one is:

If it appears to the government of the United Kingdom that any goods enjoying entry free of duty into the United Kingdom under the provisions of Article 1 of this agreement are exported from Canada to the United Kingdom at export or selling prices lower than the fair market value for home consumption, as determined on the bases laid down in section 6 of the customs tariff of Canada.

This has nothing to do with what other countries are doing. It has nothing to do with anything else in the world except—

Mr. DUNNING: And with something else.

Mr. BENNETT: Hold on; I am talking about condition number one, under which these goods are offered for sale at other than a fair market price in Canada, under the provisions of our law. That is condition number one. Condition number two is—

Mr. DUNNING: "And"—

Mr. BENNETT: If the minister will, to use his own language, permit me to make my observations I shall be obliged.

"And," number two—

—that in consequence thereof—

Mr. DUNNING: Of the first.

Mr. BENNETT:

—in consequence thereof—

That is, in consequence of condition number one, the sale of these goods at other than a fair market price—

—the sale of similar United Kingdom goods—

That is, the sale of goods produced in the United Kingdom—

—is being prejudicially or injuriously affected—

Those are the words which are in our statute: "prejudicially or injuriously affected." If the second condition is complied with, namely, that the sale of United Kingdom goods is prejudicially or injuriously affected, which effect is to be determined, then condition number three arises whereby the United Kingdom government—

. . . may notify the government of Canada of the facts of the case and—

Condition number four—

. . . request that United Kingdom goods of each or any class or kind normally manufactured by the Canadian industry manufacturing the goods in question shall be exempt from special or dumping duty on importation into Canada.

Observe those four points. Let us have no misunderstanding about it. There are no conditions with respect to the conditions themselves. They are absolute, definite and certain. (1) You have the fair market price contravened; (2) you have an injurious or prejudicial effect upon United Kingdom goods, and (3) you have a request that United Kingdom goods shall take the place in the Canadian market, not somewhere else, of goods normally manufactured by Canadian industry, and shall thereupon be exempt from special or dumping duty on importation into Canada. Those are the conditions. The minister asks about our being sure of our facts, but I am saying that all that has to be done is to comply with the conditions named in this article. Then number 5, as mentioned in the first paragraph reads:

On recept of such notification and request the government of Canada will take suitable steps to correct the situation complained of and,

We are not to make inquiries. The government has bound itself and the honour of Canada to take steps to correct the situation complained of—nothing else—just that. The honour of this country has been bound to correct that situation by suitable steps, without any variation, without any condition of any kind being imposed with respect to it. I proceed to the next point:

. . . if other measures are ineffectual, will exempt United Kingdom goods,

That is the sixth condition.

. . . as specified in the notification, from special or dumping duty for such period as may prove necessary. Recognizing that in certain circumstances it may be found necessary to exempt from special or dumping duty other United Kingdom goods of a class or kind normally manufactured by the Canadian industry manufacturing the goods in question, the government of Canada agree that they will accord sympathetic consideration to any request that the United Kingdom government may make under this article for such exemption and will, in consultation with the United Kingdom government, determine what measures shall be taken to restore fair trading conditions.

That refers to the last condition only and to nothing else. I put this to the committee: Have they ever heard the like of that? If only one man sells a bankrupt stock in England, at a time when he is about to go under, at a price which contravenes the definition of fair market price so as to affect the sales of a United Kingdom manufacturer, this government may be asked to do certain things, and this government has pledged the honour of the Dominion of Canada that they will take suitable steps to correct the situation complained of.

Then they say, "if we cannot do it one way, we will do it another way." The other way is to threaten the manufacturers in Canada, because one of their number has done wrong, with the deprivation of the protection which Mr. Fielding first put upon the statute books of this country with reference to dumping duties. In other words, because one has sinned, all are to suffer. But this is only ancillary to the main thing.

The main thing is that they have pledged this country to take suitable steps to correct the situation complained of. The situation complained of is the sale in Great Britain by a Canadian of goods at less than the market price as defined by the Canadian statute so as injuriously or prejudicially to affect the British trader. I cannot conceive of any government agreeing to a proposition of that kind. I can conceive of them agreeing to the latter clauses; I can conceive of them saying that they will punish the whole if they cannot succeed in keeping one of their number from doing so and so; but that is not what is being done. What they have undertaken to do is to pledge the honour of Canada to take suitable steps to correct the situation complained of. There is no question of price or anything of that sort. They simply say: "We have bound ourselves to agree to exempt particular classes of United Kingdom goods from the special or dumping duty and from the conditions set out in the foregoing paragraph." I have given those conditions. And all the casuistry in the world is not going to change it.

Mr. DUNNING: Hear, hear.

Mr. BENNETT: All the casuistry of the minister this afternoon when he talked about investigations by governments and all that sort of thing perishes. We agree to do certain things. When a complaint is presented

we agree to take suitable steps to correct the situation complained of. If those steps do not succeed, then we proceed in another way. The other way is to threaten every Canadian manufacturer with the deprivation of the protection which Mr. Fielding thought he should have by means of the dumping duty. That is the position, and I should like to hear a justification of it.

Mr. DUNNING I should like to give some justification, not for the condition upon which the leader of the opposition bases his remarks—

Mr. RYAN: Hear, hear.

Mr. DUNNING: —but with respect to the condition which both governments anticipate might occur.

Mr. BENNETT: The hon. member does not know what I am talking about.

Mr. RYAN: I rise to a point of order; the right hon. gentleman says I do not know what he is talking about.

Mr. BENNETT: I do not think so.

Mr. RYAN: I ask him to withdraw it. I must say I have a little more respect for the people of the United Kingdom than he has. He gives as an example, one bankrupt stock going into Great Britain and the English merchants thereupon rising up in arms and threatening the people of this country. If that is the attitude he takes in the matter, I am sure I have greater respect for the people of the United Kingdom than he has.

Mr. BENNETT: I think my remark has been absolutely justified. The hon. member for St. John-Albert (Mr. Ryan) has demonstrated that he did not know what I was talking about. I do not suggest that the people of Great Britain would take up arms. Apparently he has not read the section.

Mr. RYAN: I beg to differ with the right hon. gentleman. I followed him very closely and he said the merchants of the United Kingdom would ask that certain conditions be imposed.

Mr. BENNETT: It is the government, not the merchants.

Mr. RYAN: The government would speak for the merchants.

Mr. DUNNING: It seems to me that we have got a little off the track.

Mr. BENNETT: We have not got down to the facts.

Mr. DUNNING: We are rather in the realm of remote speculation when the leader of the opposition assumes that this article will be enforced because of the dumping of a bankrupt stock of Canadian commodities in England. I am not a lawyer, but I think I understand something of the English language. Certainly I understand the intent of the British manufacturers who were negotiating with me. I would regard it as an absolute breach of faith on the part of the British government if they based any application to the government of Canada under this section upon the dumping of a bankrupt stock of Canadian goods. I am quite sure that such will not occur. I think the language itself is sufficient indication of the intention. Look at the second paragraph, which reads:

> If it appears to the government of the United Kingdom that any goods enjoying entry free of duty into the United Kingdom under the provisions of article 1 of this agreement are exported from Canada to the United Kingdom at export or selling prices lower than the fair market value for home consumption, as determined on the bases laid down in section 6 of the customs tariff of Canada, and that in consequence thereof the sale of similar United Kingdom goods is being prejudicially or injuriously affected,

The plain intent being a continuing condition, a continuing industrial competition, not the dumping of a few hundredweight or a few tons of bankrupt stock of a certain article. Surely my right hon. friend knows that just one bankrupt stock was not in the minds of either government. Will he take my assurance that never in the discussions was the interpretation placed upon it that he now puts.

Mr. BENNETT: I certainly would accept the hon. gentleman's statement.

Mr. DUNNING: I can assure my right hon. friend that there was no such intention on the part of the British government. It is a continually disturbing dumping condition which the British government has in mind, and which the language of this section is intended to cover. The article states that on receipt of such notification and request the government of Canada will take suitable steps. Remember, the notification and request is accompanied by a statement from the British government of the facts complained of.

Mr. BENNETT: Where does that appear?

Mr. DUNNING: The second paragraph states that they may notify the government of Canada of the facts of the case. The next paragraph states that on receipt of such notification, accompanying the facts—and the notification is sent only for the purpose of giving the facts—the government of Canada will take suitable steps to correct the situation complained of. What are the suitable steps?

Mr. BENNETT: I do not know.

Mr. DUNNING: Neither do I.

Mr. BENNETT: Quite. That is my point exactly.

Mr. DUNNING: But we are prepared to ask the cooperation of Canadian industry to help us to remove one of the greatest causes for complaint we had to face in negotiating with the British government. We believe that Canadian industry generally will cooperate with us to remove the abuses which are intended to be covered by article 12 of the agreement. Not one Canadian industry has complained to me of the unfairness of article 12, and that from only one source has there been a request for information about it, I think speaks very well for the good intent of Canadian industry to cooperate with the government in this regard. We certainly do not intend to sacrifice the interests of Canadian industry, nor do we pledge the honour of Canada to do so.

Mr. BENNETT: Under this article you have pledged the honour of this country to take suitable steps to correct the situation complained of. I am familiar with this difficulty. During our term in office complaints were made about the dumping of Canadian goods on the British market, I said then, as I say now, that no one would complain if the British government passed a statute dealing with dumping.

Mr. DUNNING: That was my answer to them.

Mr. BENNETT: I will mention one item; they complained that we were dumping flour in the British market, and I dare say they told the minister the same thing.

Mr. DUNNING: There was no complaint about that particular item.

Mr. BENNETT: The then secretary for the dominions stated that he had received a formal complaint from the milling interests that we were dumping flour on the British market. I think I was able to assure him that there must have been some misunderstanding with respect to it. But that same complaint was made with respect to manufactured goods other than flour—not natural products—which were being manufactured largely in the province of Ontario. Undoubtedly these goods were being sold there lower than they were being sold here. Since the days of Mr. Gladstone—and he frequently indicated this—the British government have never been hesitant in saying that goods were sold abroad cheaper than they were sold at home, that the home consumer had to pay a higher price than the foreign buyer. The explanation was given that this was the only method of maintaining the foreign trade of Great Britain against the competition that arose from time to time.

The hon. member for Danforth (Mr. Harris) gave in a nutshell an outline of our difficulties in meeting foreign competition. Foreign goods entering Great Britain have to pay a duty while our goods have free entry. The contrast is between free entry and the payment of a duty. The British government says that we should not dump our goods in their market because we are being protected by the duties imposed against foreign producers. But under the conditions that are imposed those are not the factors to be considered. The conditions are named:

First there must be a sale of goods—not a continuing sale—at a price other than the fair market price. That is set out as condition number one. Condition number two is that this sale must injuriously or prejudicially affect the British producer. As a matter of fact, we have had this condition before us many times. The adviser of the minister who is sitting here can give him some of the details of cases which have been brought up where it was claimed that the British manufacturer had been injuriously or prejudicially affected by such sales. That is a condition which I say should not react upon the industry as a whole. Obviously this does not contemplate a remedy for a Canadian who is trying to seek a market and who is not selling his goods cheaper than the goods of Czechoslovakia, Belgium or Germany are being sold. In other words, he loses his profit even though they pay the duty. He sells his goods in England at "X" whereas his price in Canada is "X" plus. The fair market price in this country is the determining factor. When the price at which goods are sold in Great Britain is less than the fair market price in Canada, the claim can be made that such sale is injurious and prejudicial to the manufacturer in Great Britain. The Canadian replies that he is compelled to sell at this price because a cargo came in the day before from Czechoslovakia and he is meeting the price at which those goods are being offered. In other words, they have overcome the duty and are selling at a price which he has to meet. When such a case is reported to us we are hereby binding ourselves to take suitable steps to correct the situation complained of.

Mr. DUNNING: There is one alternative open to us. A while ago I hesitated to be positive with respect to the powers of the British import duties advisory committee. I have the statute before me and I should like to outline those duties.

Mr. BENNETT: I should like to have them read.

Mr. DUNNING: I think they have a bearing upon the matter.

Mr. BENNETT: The president of the board of trade may ask for an inquiry.

Mr. DUNNING: I quote from the Import Duties Act, 1932, of Great Britain:

3. (1) Where it appears to the committee that an additional duty of customs ought to be charged in respect of goods of any class or description which are chargeable with the general ad valorem duty and which, in their opinion, are either articles of luxury or articles of a kind which are being produced or are likely within a reasonable time to be produced in the United Kingdom in quantities which are substantial in relation to United Kingdom consumption, the committee may recommend to the treasury that an additional duty ought to be charged on goods of that class or description at such rate as is specified in the recommendation.

(2) In deciding what recommendation, if any, to make for the purposes of this section, the committee shall have regard to the advisability in the national interest of restricting imports into the United Kingdom and the interests generally of trade and industry in the United Kingdom, including those of trades and industries which are consumers of goods as well as those of trades and industries which are producers of goods.

(3) The treasury, after receiving a recommendation from the committee that an additional duty of customs ought to be charged on goods of any class or description, may, if they think fit so to do, and after consultation with the appropriate department, by order direct that such additional duty of customs as is specified in the order (being a duty at a rate not exceeding the rate specified in the recommendation) shall be charged on the importation into the United Kingdom of goods of all or any of the classes or description specified in the recommendation, and an additional duty so directed to be charged shall for all purposes be deemed to be chargeable under this section.

(4) An order under this section directing an additional duty to be charged may direct that it shall be charged—

(a) by reference to value or to weight or any othere measure of quantity;

(b) for any period or periods, whether continuous or not, or without any limite of period;

(c) at different rates for different periods or parts of periods.

I do not think it is necessary to read any more to demonstrate that the treasury of Great Britain has power to deal with the matter.

Mr. BENNETT: On the contrary, the minister intimated that it was the committee that had the right, and I told him that the committee had no legislative power.

[Mr. Dunning.]

Mr. DUNNING: I was meeting the point that immediate action could not be taken in Great Britain. Certainly the inference I drew from the reply of the leader of the opposition was that action could not be taken.

Mr. BENNETT: Let the minister read what I said. Because the minister is wrong is no reason why he should put wrong words into my mouth.

Mr. DUNNING: My right hon. friend was meeting my argument that the British government had machinery whereby they could meet foreign dumping by an increase in duties in a particular instance, and I am merely reading the sections of the British Import Duties Act which creates the machinery I had in mind, and which I was advised existed. With that machinery, if a case should arise under article 12 of the agreement now before the house, and if it is shown that action is necessary in order to meet competition from Czechoslovakia—I believe that was the country named, but any other country will do by way of illustration—then surely it will be expected that the government of Canada would call attention to the fact and that its representations will be given due consideration. The two governments are not antagonistic in this matter; we are not trying to get the better of each other.

Mr. HARRIS: I do not think anyone suggested that.

Mr. DUNNING: This is not a lawsuit in which one party is trying to beat the other; it is a matter of two countries recognizing that a problem does exist and that there should be, if possible, some reasonable machinery for dealing with it. I admit at once that the machinery here proposed is not and cannot be perfect, and that the obvious method is for the British government themselves to impose dumping duties. But one can scarcely expect the Canadian government to advocate that the British government should impose dumping duties on Canadian goods. That is their business. It was with a view to having some means whereby improvement could be effected that article 12 was evolved. I do not look for abuse under it, but if there is abuse I can assure my right hon. friend at once that under the provisions of a later article steps will be taken towards consultation.

Mr. BENNETT: You can consult and revise the agreement, of course.

Mr. DUNNING: Under the general consultative article we can negotiate for such

adjustments as are necessary. This afternoon's discussion, I fancy, assumes a great deal of difficulty which will not in practice arise.

Mr. BENNETT: I have stated that the import duties committee had no legislative power. The book was sent for and the article read, and it sustains the view I expressed, namely, that they have power to recommend. The British treasury issues what is equivalent to our order in council; they have done so previously. To all intents and purposes it is the same as an order in council of the Canadian government.

Mr. DUNNING: There is no such power here, though.

Mr. BENNETT: We have power by order in council—

Mr. DUNNING: Not to raise duties.

Mr. BENNETT: Oh no; we have no power to do that. I am only saying that an order of the British treasury pursuant to a recommendation is the equivalent of an order in council made here upon a recommendation for any purpose. Instead of calling it an order in council as we do, they speak of it as an order of the treasury. But legislative power does not rest with and has not been delegated to the committee, and the treasury is not bound to accept a recommendation in whole though it may do so in part. I saw it in operation once.

The minister seems to think that this is not likely to become an acute question, and I only wish that we could share his confidence. But he has already intimated that it has caused much difficulty in the working of the old agreement, and in fact it has caused difficulty all the time. For it has been contended that our people were dumping goods on the British market. That contention has been made continually. It was made about flour, and I could mention other items which perhaps it would be inadvisable at the moment to do.

Mr. DUNNING: No doubt we have the same items in mind.

Mr. BENNETT: Yes, no doubt. On the other hand, the British complained that we had imposed a dumping duty on certain steel products with the result that they could not sell those products in this market, the presumption being that they were offering their goods here at a lower price than they were selling them for at home and were therefore subject to the dumping regulations.

As things are now, the power of the imports duty committee to make recommendations to the treasury is not always acted upon very expeditiously, I may tell the minister. I know that in some instances they took a very long time to become operative. That is one of the difficulties I see, and my point is that we have bound ourselves to take steps to correct the situation. The rest is only ancillary to that, and if we cannot evolve any other method we may punish the whole industry in Canada because of the sins of one.

Mr. DUNNING: But we do not bind ourselves to do that. We have put ourselves in the position where, if no other suitable method is available, we may consult.

Mr. BENNETT: We have put ourselves in a difficult position. What we shall in fact have accomplished is this: We shall have provided for non-dumping sales in Canada of goods from the United Kingdom at prices which they will make, and which in their judgment will be satisfactory to them and their producers, regardless of the effect upon Canadian production. That is what it means if it becomes effective. I hope the minister is right when he says that he does not believe it will be necessary to do this, but I think it is my duty to point out that it is an extraordinary thing to say that all must suffer, all must be punished, because of the sins of one. In the extreme case which I took, the contemplated bankruptcy, the person involved was in that position where he did not care what might happen so long as he got rid of his goods; and there being no other place where he could get rid of them he shipped his cargo there. It was not a question of the bankruptcy of a single man but of an entire stock which was going to be unloaded on the British people on terms that were satisfactory to him for his purposes, but which might and probably would be prejudicial and injurious to the interests of the British producer. I must say I have never seen the same provision; but I am reassured when the minister says that he has received only one complaint.

Mr. DUNNING: It was not really a complaint but an inquiry.

Mr. BENNETT: Under the circumstances it seems to me that there is less cause for worry than I thought, and if the minister says that only one person has made inquiries with respect to the matter it seems to be fairly obvious that the difficulties which I foresee will not arise. At any rate I hope they will not.

Article agreed to.

On article 13:

The government of the United Kingdom will invite the government of the non-self-governing colonies and protectorates to continue to accord to Canada any preference which may for the time being be accorded to any other part of the British Empire:

Provided that the operation of this paragraph shall not extend to any preferences accorded by Northern Rhodesia to the Union of South Africa, Southern Rhodesia and the High Commission Territories in South Africa.

The government of Canada undertake to accord to those non-self-governing colonies, protectorates and mandated territories, to which the benefits of the British preferential tariff are at present accorded, and also to Malta, the benefit of any preferences for the time being accorded to any part of the British Empire:

Provided that nothing in this paragraph shall interfere with existing obligations or special arrangements already in force between Canada and other parts of the British Empire; and,

Provided further that the government of Canada shall not be bound to continue to accord any preferences to any colony or protectorate which, not being precluded by international obligations from according preferences, either (i) accords to Canada no preferences, or (ii) accords to some other part of the British Empire (in the case of Northern Rhodesia, excepting the Union of South Africa, Southern Rhodesia and the High Commission Territories in South Africa) preferences not accorded to Canada.

Mr. BENNETT: That is the existing agreement, no change?

Mr. DUNNING: Yes.

Article agreed to.

On article 14:

The government of Canada undertake to accord to goods the growth, produce or manufacture of any of the non-self-governing colonies, protectorates or mandated territories of Togoland under British mandate, the Cameroons under British mandate, the Tanganyika Territory or Palestine, treatment not less favourable than that accorded to similar goods the growth, produce or manufacture of any foreign country.

Mr. DUNNING: This gives the most favoured foreign nation treatment to the mandated territories.

Mr. BENNETT: Including Palestine, for which there was a separate provision under the old agreement, which was not included in the original agreement?

Mr. DUNNING: Yes.

Article agreed to.

On article 15:

The government of the United Kingdom will invite the governments of the colonies and protectorates shown in schedule VI appended hereto to continue in operaton the preferences accorded to Canada on the commodities and at the rates shown in that schedule, and the government of Canada will continue in operation the preferences accorded to the colonies, protectorates and mandated territories by Canada as set out in schedule VII appended hereto:

Provided that the government of Canada shall not be bound to continue to accord any preferences to any colony or protectorate which, not being precluded by international obligations from according preferences, either (i) accords to Canada no preferences, or (ii) accords to some other part of the British Empire (in the case of Northern Rhodesia, excepting the Union of South Africa, Southern Rhodesia and the High Commission Territories in South Africa) preferences not accorded to Canada; and,

Provided further that, in the event of the denunciation and termination of the Canada-West Indies Trade Agreement dated the 6th July, 1925, either government shall be at liberty, on giving at least six months' notice, to terminate the provisions of this article not earlier than the termination of that agreement.

Mr. DUNNING: Palestine never before had most favoured nation treatment.

Mr. BENNETT: It had by special order in council.

Mr. DUNNING: Only on oranges.

Mr. BENNETT: No, the question of mandated territories was considered at some length and the British government was of the opinion that we might do it, but the League of Nations took the other view, so there was no extension except with respect to oranges.

Mr. DUNNING: That was with respect to the British preference. I am speaking of most favoured foreign nation treatment.

Article agreed to.

Schedule VI:

SCHEDULE VI

(*See* Article 15)

—	Commodity	Margin of preference
(1) The Bahamas, Barbados, Bermuda, British Guiana, British Honduras, Jamaica (including the Turks and Caicos Islands and the Cayman Islands), the Leeward Islands, Trinidad and Tobago, the Windward Islands, Fiji, the Federated and Unfederated Malay States, Mauritius and Northern Rhodesia.	Rubber boots and shoes and canvas boots and shoes, rubber-soled.	1*s.* per pair (or the equivalent in the local currency), that is to say, the general rate to be the Preferential *ad valorem* rate, if any, plus 1*s.* per pair specific duty.
(2) All the colonies and protectorates, except Bermuda (so long as the importations of motor vehicles is prohibited), Northern Rhodesia, and Trinidad, mentioned in (1) above, and also Ceylon, Hong Kong, Malta and the Straits Settlements.	Motor vehicles.....	20 per cent *ad valorem*.
(3) All the colonies and protectorates mentioned in (2) above except the Straits Settlements and Hong Kong.	Parts of motor vehicles, including rubber tyres.	20 per cent. *ad valorem*.
All the colonies and protectorates mentioned in (1) above except Fiji, the Federated and Unfederated Malay States, Mauritius and Northern Rhodesia.	Hosiery of cotton or artificial silk.	6*d.* per pair, that is to say, the general rate to be the preferential *ad valorem* rate, if any, plus 6*d.* per pair specific duty.
	Hosiery of silk.....	9*d.* per pair, that is to say, the general rate to be the preferential *ad valorem* rate, if any, plus 9*d.* per pair specific duty.
	Butter.....	1½*d.* per lb.
(5) The Bahamas.....	.....	The preferential drawback of 25 per cent. of certain customs duties to be increased to 50 per cent. of those customs duties.
(6) Barbados, Bermuda and Trinidad.....	Electrical applicances and apparatus.	15 per cent. *ad valorem*.
	Bacon and ham.....	½*d* per lb.
(7) Barbados, British Guiana, the Leeward Islands (Antigua only) and Trinidad.	The tariff treatment of lated to that of other margin of preference 1,000 feet to be establ	pitch pine to be assimi- wood and timber and a of not less than 10*s.* per ished.
(8) Barbados, Jamaica and Trinidad.....	Condensed milk.....	10 per cent. *ad valorem* (or the equivalent specific rate).
	Shooks.....	10 per cent. *ad valorem*.
(9) Barbados and British Honduras.....	Potatoes and onions.....	2*s.* per 100 lbs.
(10) Barbados.....	Oats.....	9*d.* per 100 lbs.
(11) Bermuda, Jamaica (including the Turks and Caicos Islands, and the Cayman Islands), the Leeward Islands and the Windward Islands.	Hardware.....	10 per cent. *ad valorem*.
(12) Bermuda.....	Eggs.....	2*d.* per dozen.
	Canned meat.....	10 per cent. *ad valorem*.
	Canned fruit and canned vegetables.	15 per cent. *ad valorem*.
	Furniture.....	10 per cent. *ad valorem*.

—	Commodity	Margin of Preference
(13) Jamaica	Apparel of all kinds (other than hosiery).	10 per cent. *ad valorem*.
	Wood and timber	10 per cent. *ad valorem*.
(14) Ceylon	Bacon and ham	10 per cent. *ad valorem*.
	Canned fruit and vegetables.	15 per cent. *ad valorem*.
	Canned fish	15 per cent. *ad valorem*.
(15) Cyprus	Butter, cheese, tinned fish, and timber.	One-third of the duty in lieu of one-sixth.
(16) The Federated and Unfederated Malay States	Condensed milk	10 per cent. *ad valorem*.
	Printing and wrapping paper.	10 per cent. *ad valorem*.
	Canned fruit and canned vegetables.	15 per cent. *ad valorem*.
	Canned fish	15 per cent. *ad valorem*.
	Electric batteries for use in motor cars.	15 per cent. *ad valorem*.
	Confectionery	10 per cent. *ad valorem*.
(17) Fiji	Timber, dressed and undressed.	2*s*. per 100 super. feet.
(18) Malta	Wheat flour	2*s*. per 100 kilog.
(19) Mauritius	Bacon and ham	5 rupees per 100 kilog.
	Cheese	10 per cent. *ad valorem*.
	Canned fish	15 per cent. *ad valorem*.
	Electric stoves and household appliances.	15 per cent. *ad valorem*.
(20) Northern Rhodesia	Electrical batteries and accumulators.	15 per cent. *ad valorem*.
	Boxes, wooden, empty, or in shooks.	10 per cent. *ad valorem*.
	Wood, unmanufactured, including ceiling and flooring boards.	10 per cent. *ad valorem*.
	Newsprint paper; wrapping paper; unspecified plain or composite paper.	10 per cent. *ad valorem*.
	Motor trucks, etc., as specified in Tariff Items 130 *(a)* and *(b)*.	10 per cent. *ad valorem*.
	Motor cars, chassis and rubber pneumatic tyres and tubes of Canadian origin.	To be admitted at the same rates as those of United Kingdom origin under tariff items 129 *(a)* and *(c)* and 260.
(21) Sarawak	Condensed milk	10 per cent. *ad valorem*.

Mr. DUNNING: Schedules VI and VII are part of article 15 and are a continuation of the old schedules in those cases. I point out that these schedules with respect to the colonies need not extend to the full term of this agreement, but they extend to the time of expiry of the West Indies agreement, in order that the West Indies and the other colonies may be considered together by Canada when that time comes, instead of having the overlapping condition which I believe was embarrassing before.

Mr. BENNETT: We were precluded from dealing with matters because of the West Indies agreement.

Mr. HARRIS: I understand we are not precluded, that the articles in the tariff await the expiration of the West Indies trade agreement. Under the present agreement, section 16, they can still deal with articles coming from the colonies.

Mr. DUNNING: Yes, that is a matter of arrangement between the two parties.

Mr. HARRIS: So, as I understand it, we are not precluded from dealing with these items until the expiration of the West Indies trade agreement.

Mr. BENNETT: That is not the point. We are precluded from dealing with articles covered by the West Indies agreement until such time as that expires.

Schedule agreed to.

On article 16:

In the event of circumstances arising which in the judgment of the government of the United Kingdom or of the government of Canada, as the case may be, necessitate a variation in the terms of this agreement, the proposal to vary those terms shall be the subject of consultation between the two governments.

Article agreed to.

On article 17:

The agreement will come into force on a date to be mutually agreed between the two governments. On the coming into force of the present agreement, the agreement concluded between the two governments at Ottawa on the 20th August, 1932, shall cease to have effect. Pending the coming into force of the present agreement, the two governments will apply its provisions as far as may be possible and will consult together with regard to the dates on which particular provisions of the 1932 agreements shall be deemed to have been replaced by provisions of the present agreement. The agreement will remain in force until the 20th August, 1940. Unless six months before the 20th August, 1940, notice of termination shall have been given by either government to the other, the agreement will remain in force until the expiry of six months from the date on which a notice of termination is given.

Mr. BENNETT: What provision does the government propose to make in connection with the coming into force of the agreement?

Mr. DUNNING: The British government is dealing with the matter in their Finance Act, I gather. That is our latest advice; we have no assurance as to date. But the government of Canada purposes to deal with the matter by proclamation when we get accurate information.

Mr. BENNETT: The reason I asked was in connection with the various tariff items. The resolution becomes effective at midnight on the day submitted to the house. Some it is not intended should be thus dealt with, I take it, or are they all becoming effective? Section 17 does not make that clear.

Mr. DUNNING: If my right hon. friend will refer to article 9.

Mr. BENNETT: Article 17 is the effective article in regard to coming into force.

Mr. DUNNING: By article 9 the two governments undertake that, "except as provided for in legislation already in force."

Mr. BENNETT: What is happening is this: I had sent to me a memorandum from an importer stating that all imports are now subject to revised entries since the date of the budget speech. The date of coming into force is not clearly indicated unless it is meant that they come into force by proclamation.

Mr. DUNNING: We cover that in the bill. The arrangements are indicated in the budget speech: "By arrangement with the government of the United Kingdom, which is as anxious as we are to put the tariff changes arising from the agreement into force at the earliest possible moment, it has been agreed that the provisions of article 9 and schedule E of the 1932 agreement shall cease to have effect from twelve o'clock to-night, when the provisions of articles 6, 7 and 8 and schedules 4 and 5 of the new agreement will be in effect."

Mr. BENNETT: But how can you do that?

Mr. DUNNING: Under article 16 of the old agreement, and 17 of the new, and the bill.

Mr. BENNETT: The bill founded on this. I think that is the only way it can be done, because it is a statute of the parliament of Canada, which your agreement does not change.

Mr. DUNNING: Yes, section 3 of the bill, which I hope to introduce immediately, will say:

From the date of the coming into force of this act, and subject to the provisions of article 17 of the agreement, the United Kingdom Trade Agreement Act, 1932, shall be repealed.

And section 4:

The governor in council may make such orders and regulations as are deemed necessary to carry out the provisions and intent of this act and of the said agreement.

Mr. BENNETT: Should you not add a clause providing for proclamation?

Mr. DUNNING: It comes into force on proclamation.

Mr. BENNETT: I should say, "in whole or in part."

Mr. DUNNING: That is covered by the agreement itself, I think.

Mr. BENNETT: No, there is no reference to proclamation. If you provide that proclamation may bring it into force in whole or in part you then will admit the provisions of article 17.

Article agreed to.

SCHEDULE VII

(*See* Article 15)

Number of Canadian tariff item	Article	Margin of preference
ex 39a	Sago and tapioca flour.....per pound	½ ct.
77b	Vanilla beans, crude only.....	10 p.c.
ex 87	*(n)* Tomatoes.....per pound	2 cts.
143	Cigars.....per pound	50 cts.
ex 254	Gums, viz:—copal, damar, gum chicle or sappato gum, crude.....	10 p.c.
264	Essential oils, n.o.p., including bay oil, otto of limes and peppermint oil.....	7½ p.c.
267b	Petroleum tops; blends of petroleum tops or petroleum products with crude petroleum; all the foregoing ·7249 specific gravity (63·7 A.P.I.) or heavier, at 60 degrees Fahrenheit, when imported by oil refiners to be refined in their own factories.....per gallon	1 ct.
ex 273	Asphalt or asphaltum, solid.....	10 p.c.
277	Palm and palm kernel oil, unbleached or bleached, not edible; shea butter.....	10 p.c.
278	Oils, viz:—cocoanut, palm and palm kernel, not edible, for manufacturing soap; carbolic or heavy oil.....	10 p.c.
278c	Cocoanut oil, not edible, when imported for use in the manufacture of refined cocoanut oil.....	10 p.c.
616a	Balata, crude, unmanufactured.....	10 p.c.
616b	Gutta percha, unmanufactured.....	10 p.c.
	In item 106 (b), fruits, prepared . . . pineapples, British Preferential rate not to exceed 1 cent per pound.	

Schedule agreed to.

Mr. BENNETT: Is it proposed to include the letters and annexes as part of the bill?

Mr. DUNNING: No. I think we should make better progress if we now reported these resolutions relating to the agreement and its schedules, and asked for leave to sit again this day with respect to other items, in order that this bill may be introduced. It is a separate measure entirely and should be dealt with in that way, I think.

Mr. BENNETT: Do I understand it is not intended in the bill to introduce a provision with respect to lead and zinc and these other matters?

[Mr. Dunning.]

Mr. DUNNING: Not in the bill. It is not essential that there should be; in fact, such conditions are changeable, and therefore it would only be confusing if it was included in the bill.

Resolutions reported, read the first and second time and concurred in. Mr. Dunning thereupon moved for leave to introduce Bill No. 79, respecting a certain trade agreement between Canada and the United Kingdom.

Motion agreed to and bill read the first time.

WAYS AND MEANS

CUSTOMS TARIFF AMENDMENT

The house in committee of ways and means, Mr. Sanderson in the chair.

Customs tariff—8. Canned meats, poultry or game: British preferential tariff, 15 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Mr. DUNNING: This is the residue of the item after extracting that portion which formed a part of the trade agreement. There is no change either in wording or in rate.

Item agreed to.

Customs tariff—105a. Lemon, orange, grapefruit or citron rinds, sulphured or in brine: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. DUNNING: These are rinds which are used in making candied peel and for making marmalade. Grapefruit rind is included with the other varieties.

Item agreed to.

Customs tariff—105b. Olives and cherries, sulphured or in brine, not bottled: British preferential tariff, 10 per cent; intermediate tariff, 17½ per cent; general tariff, 30 per cent.

Mr. STIRLING: I take it that the change in wording here is to conform with the report of the tariff board?

Mr. DUNNING: Yes. The investigation of the situation with respect to cherries carried on by the tariff board indicates that processing of cherries in Canada is of fairly recent origin. Small quantities were processed in Ontario in 1928, but it was not until 1933 that real interest was shown. In 1936, 924,000 pounds of cherries, of which ten per cent were dark coloured cherries, were processed in British Columbia, and approximately 185,000 pounds of Niagara peninsula cherries were processed. This quantity of fresh cherries resulted in a production of 776,300 pounds of processed cherries. The change in wording is to deal with the method of packing. The previous item read "in brine" and the practice has been to import them in sulphur, so the usual difficulties occurred.

Mr. STIRLING: Can the minister go further and say whether the balance of that same recommendation will be adopted by the government?

Mr. DUNNING: The question of valuation, of course, is a matter of government policy from time to time, so I would not care to say.

Mr. STIRLING: The minister is not prepared to state whether or not the balance of the recommendation will be adopted?

Mr. DUNNING: No, not at the moment.

Item agreed to.

Customs tariff—120. Anchovies, sardines, sprats or pilchards, packed in oil or otherwise, in sealed tin containers, the weight of the tin container to be included in the weight for duty:

(a) When weighing over twenty ounces and not over twenty ounces each, per box: British preferential tariff, 2½ cents; intermediate tariff, 5 cents; general tariff, 6 cents.

(b) When weighing over twelve ounces and not over twenty ounces each, per box: British preferential tariff, 2½ cents; intermediate tariff, 4 cents; general tariff, 4½ cents.

(c) When weighing over eight ounces and not over twelve ounces each, per box: British preferential tariff, 2 cents; intermediate tariff, 3 cents; general tariff, 3½ cents.

(d) When weighing eight ounces each or less, per box: British preferential tariff, 1¼ cents; intermediate tariff, 2 cents; general tariff, 2½ cents.

Mr. DUNNING: This is what is left of the item after taking out what was specially dealt with in the British agreement.

Item agreed to.

Customs tariff—157c. Isopropyl alcohol, per gallon: British preferential tariff, free; intermediate tariff, 50 cents; general tariff, $1.

Mr. BENNETT: There must have been an n.o.p. item previously, because the general rate is now $1 per gallon whereas it was 25 per cent before.

Mr. DUNNING: This is a very difficult subject; in fact, I do not think we have finished with it by imposing this tariff. As my right hon. friend indicates, formerly it came under an n.o.p. item at 25 per cent, and one of the difficulties is that it is being consumed by individuals and from time to time a great deal of difficulty is created.

Mr. BENNETT: From what is it produced?

Mr. DUNNING: It is an alcohol, but curiously enough it is derived from petroleum, and I doubt if this will be the last step we will be compelled to take with regard to it because of recent reports—some, in fact, since this item was first discussed—from the mounted police with regard to the rather terrible misuse of this new type of alcohol.

Mr. BENNETT: Then I would have suggested that the intermediate rate should be $1, because it must be perfectly clear that most of this alcohol will come from the

United States, where petroleum exists in such large quantities, rather than from countries under the general tariff. Just why it is 50 cents under the intermediate tariff instead of the old 25 per cent, I do not know.

Mr. DUNNING: What we are thinking is that we may require to have excise control over the item, as similar alcohols are controlled. That, of course, would be a much more effective way of dealing with it.

Mr. BENNETT: If it is real alcohol, it falls under the statute now.

Mr. DUNNING: That is the question; and the lawyers are considering that point now. At the present time it is deemed to be a chemical. I do not know if we can persuade our legal advisers to take a different view, but certainly it is being used as alcohol and the effects it is producing are terrible.

Mr. BENNETT: Would it not be better, then, to describe it by the scientific name and say "commonly known as isopropyl alcohol" to remove any doubt about it? I have heard something of its bad effects upon humans, but I have never seen it and I did not know how it was manufactured. It does seem to me, however, that it would be well to describe it by its chemical name and then say, "otherwise known as isopropyl alcohol" so as to get away from any difficulties that might arise in administration.

Mr. DUNNING: "Isopropyl" is its name, and we are adding the word "alcohol" because that really covers the debatable part of it. There is no doubt about the term "isopropyl" being appropriate.

Mr. BENNETT: Then if the word "alcohol" is used at all I should think the excise would apply.

Mr. DUNNING: That is what we are hoping.

Mr. BENNETT The very minute you use the word "alcohol" the provision of the excise act becomes active.

Mr. DUNNING: That is why we are using it.

Item agreed to.

Customs tariff—160. Alcoholic perfumes and perfumed spirits, bay rum, cologne and lavender waters, lotions, hair, tooth and skin washes, and other toilet preparations containing spirits of any kind:

(a) when in bottles or flasks containing not more than four ounces each: British preferential tariff, 30 per cent; intermediate tariff, 90 per cent; general tariff, 90 per cent.

Mr. BENNETT: This is giving the farmer a chance on his eyewash.

[Mr. Bennett.]

Mr. DUNNING: I am trying to regularize my right hon. friend's system of eyewash; that is the real fact. It is a reduction in duty already effected by reason of arrangements made by the last administration.

Mr. BENNETT: This is an old item.

Mr. DUNNING: Yes.

Item agreed to.

Mr. DUNNING: Before we reach the next item in the schedule I have an amendment I should like to have moved to customs tariff 178a.

Mr. ILSLEY: I move:

That schedule A to the customs tariff, as amended by resolution No. 2 of February 25, 1937, be further amended by striking thereout tariff item 178a, and by inserting in lieu thereof the following item, enumeration and rates of customs duties:

178a. Provided, that on the goods specified in item 178 and dutiable under part (ii) of the item, when forwarded to Canada by mail, duties may be prepaid by customs revenue stamps, under regulations by the minister, at the rate specified in the said part item, except that on each separate package weighing not more than one ounce, the duty shall be each: British preferential tariff, 1 cent; intermediate tariff, 2 cents; general tariff, 2 cents.

Mr. BENNETT: That is in addition to the new item in the budget.

Mr. DUNNING: There is no change, except in the numbering and form of this item so as to harmonize with the agreement item. But it is necessary to do it this way, in order to have it effective.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—187b. Sensitized negative film, one and one-eighth inches in width or over, for exposure in motion picture cameras: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 15 per cent.

Mr. DUNNING: This is a reduction based upon a report in connection with reference 95 of the tariff board, dealing with motion picture and sound equipment. I have the report before me, if there is a disposition on the part of any hon. member to question it.

Mr. BENNETT: It has been tabled, has it not?

Mr. DUNNING: Yes, on budget day.

Item agreed to.

Customs tariff—219a. Non-alcoholic preparations or chemicals, such as are used for disinfecting, dipping, spraying or fumigating, n.o.p.:

(i) when in packages not exceeding three pounds each, gross weight: British preferential tariff, 5 per cent; intermediate tariff, 25 per cent; general tariff, 25 per cent.

(ii) otherwise: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 15 per cent.

Mr. DUNNING: I have a motion with respect to item 219a.

Mr. ILSLEY: I move:

That tariff item 219a, as contained in resolution No. 2 of February 25, 1937, be amended in wording by striking thereout the phrase "such as are used" immediately before the phrase "for disinfecting."

Amendment agreed to.

Item as amended agreed to.

Customs tariff—219e. Chloropicrin, ethylene oxide, methyl bromide, methyl formate, cyanides, or mixtures containing any of these, for use in combating destructive insects and pests: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. DUNNING: This item accords free entry from all countries to specified insecticides and fumigants. It is proposed to extend it further to include methyl bromide and methyl formate. The federal Department of Agriculture has used methyl bromide successfully in the treatment of vegetables and fruits, and the methyl formate is used as a disinfectant to kill vermin in furs. At present these two commodities would be classified at rates of free, 15 and 15 per cent. They are not made in Canada, the United States being the chief source of supply.

Item agreed to.

Customs tariff—232d. Casein: British preferential tariff, 17½ per cent; intermediate tariff, 25 per cent; general tariff, 27½ per cent.

And per pound: British preferential tariff, 2 cents; intermediate tariff, 2½ cents; general tariff, 3 cents.

Mr. BENNETT: What is casein worth, per pound?

Mr. DUNNING: I have only the import figures, showing an amount of $10,000.

Item agreed to.

Customs tariff—235. Liquorice fibres, whether or not dried, cleaned, cut to size, ground or sifted: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 15 per cent.

Mr. DUNNING: This and the two following items constitute a rearrangement of the items covering liquorice fibres now dutiable as vegetable fibres n.o.p. The revised item in the first instance makes provision for lower rates of free; 10 per cent and 15 per cent.

Item agreed to.

Customs tariff—235a. Liquorice paste, not sweetened: British preferential tariff, free; intermediate tariff, 12½ per cent; general tariff, 17½ per cent.

Item agreed to.

Customs tariff—235b. Liquorice in rolls or sticks, not sweetened: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 22½ per cent.

Item agreed to.

Customs tariff—236b. Spinal braces and parts thereof: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. BENNETT: Does it not create some difficulty for a Canadian industry when the duties are made free all across the board?

Mr. DUNNING: The matter was examined by the customs officials to get a wording which would meet the requests received from many sources with respect to spinal braces. We cannot find whether or not spinal braces of this kind are made in Canada, but we have no trace of such production.

Item agreed to.

Customs tariff—237. (a) Synthetic resin moulding compositions containing synthetic resin derived from phenol and formaldehyde or their homologues or mixtures thereof, in powder or granular form: British preferential tariff, 10 per cent; intermediate tariff, 20 per cent; general tariff, 20 per cent.

(b) Synthetic resin moulding compositions, n.o.p., in powder or granular form: British preferential tariff, free; intermediate tariff, free; general tariff, free.

(c) Synthetic resins, n.o.p., in liquid, powder, granular, or lump form; or in tubes, cylinders, strips, sheets, plates, blocks, bars, rods, angles, channels, tees or other shapes or sections, when for use in Canadian manufactures: British preferential tariff, free; intermediate tariff, free; general tariff, free.

(d) Laminated products of which any synthetic resin or resin-like substance is the chief binding agent, in tubes, cylinders, strips, sheets, plates, blocks, bars, rods, angles, channels, tees or other shapes or sections, n.o.p.: (i) with a base of paper or of fibreboard: British preferential tariff, 15 per cent; intermediate tariff, 20 per cent; general tariff, 25 per cent.

(ii) with a base of cotton fabric or other woven fabric: British preferential tariff, 20 per cent; intermediate tariff, 25 per cent; general tariff, 30 per cent.

Mr. DUNNING: I have an amendment to the wording of 237 (c). The process of extruding is now a recognized process, and must be covered.

Mr. ILSLEY: I move:

That tariff item 237(c) as contained in resolution No. 2 of February 25, be amended by inserting the words "not further manufactured than moulded, extruded or pressed," immediately after the word "sections" in line 4 thereof.

Amendment agreed to.

Item as amended agreed to.

Mr. DUNNING: We now come to another group of plastics, also the subject matter of a tariff board report.

Customs tariff—238b. Cellulose nitrate or pyroxylin plastics, in tubes, cylinders, balls, strips, sheets, plates, blocks, bars, rods, angles, channels, tees or other shapes or sections, not further manufactured than moulded or pressed, when for use in Canadian manufactures: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—238c. Moulding compositions of cellulose acetate or other derivatives of cellulose, in powder or granular form: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—238d. Cellulose acetate in sheets not less than five one-thousandths of an inch in thickness, and in rods, bars, tubes and other shapes or sections, not further manufactured than moulded or pressed, when for use in Canadian manufactures: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. ILSLEY: I move, Mr. Chairman:

That tariff item 238d as contained in resolution No. 2 of February 25, be amended by inserting the word "extruded" immediately after the word "moulded" in line 4 thereof.

Mr. DUNNING: This is simply to insert the word "extruded," as was done in the former item.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—238e. Regenerated cellulose, and cellulose acetate, transparent, in sheets, not printed, and manufactures of regenerated cellulose or of cellulose acetate, n.o.p.: British preferential tariff, 20 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Item agreed to.

Customs tariff—238f. Interlined sheet stock, composed of sheets of cellulose plastics cemented to cotton fabric: British preferential tariff, 10 per cent; intermediate tariff, 15 per cent; general tariff, 17½ per cent.

Item agreed to.

[Mr. Dunning.]

Customs tariff—238g. Synthetic plastic materials with a basis of casein, soybean, gelatine or starch, in tubes, cylinders, strips, sheets, plates, blocks, bars, rods, angles, channels, tees or other shapes or sections, when for use in Canadian manufactures: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. DUNNING: There is an amendment to this item, covering the same point.

Mr. ILSLEY: I move:

That tariff item 238g, as contained in resolution No. 2 of February 25, be amended by inserting the phrase, "not further manufactured than moulded, extruded or pressed, but not including casein button blanks in the rough," immediately after the word "sections" in line 4 thereof.

Mr. DUNNING: These items are of considerable importance. It is quite an advance to get them into one schedule, and have them properly classified.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—241. Litharge, which may contain up to two per cent of carbonaceous matter, and mixtures or combinations of such litharge with lead or other products of lead, litharge being the chief constituent by weight, when imported by manufacturers of electric storage batteries, for use exclusively in the manufacture of storage battery plates, in their own factories: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. DUNNING: This is a rewording which involves a reduction.

Item agreed to.

Customs tariff—242. Dry red lead; orange mineral; antimony oxide, titanium oxide, and zinc oxide such as zinc white and lithopone; white pigments containing not less than 14 per cent by weight of titanium dioxide: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 15 per cent.

Item agreed to.

Customs tariff—246b. Stains and oxides, valued at not less than 20 cents per pound, for use exclusively as colouring constituents in the manufacture of vitreous enamels and pottery glazes; finely divided metals or compounds of metals, whether dry, or suspended or dissolved in a liquid, for use exclusively in the manufacture of tableware of china, porcelain or semi-porcelain: British preferential tariff, free; intermediate tariff, 20 per cent; general tariff, 22½ per cent.

Mr. DUNNING: This is a rewording of this item.

Item agreed to.

Customs tariff—254. Gums, viz:—Australian, copal, damar, elemi, kaurie, mastic, sandarac, Senegal, tragacanth, gedda, and barberry; lac, crude, seed, button, stick and shell; ambergris; Pontianac; gums and blends of gums, n.o.p.: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 15 per cent.

Mr. DUNNING: I desire to move an amended wording here.

Mr. ILSLEY: I beg to move:

That item 254, as contained in resolution No. 2 of February 25, 1937, be amended by substituting for the phrase "gums and blends of gums, n.o.p." in line 4 thereof the following: "gums and blends consisting wholly or in chief part or gums, n.o.p." . . . . .

Mr. DUNNING: The amended wording is desired because of the difficulty in distinguishing precisely what are blends of gums, and to permit the entry of such blends of gums even in the event that they contain in minor part some substance necessary to the admixture which may not be chemically a gum.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—282b. Saggars, when for use in the manufacture of ceramic products: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—287. All tableware of china, porcelain, semi-porcelain or white granite, but not to include tea-pots, jugs and similar articles of the type commonly known as earthenware: British preferential tariff, free; intermediate tariff, 35 per cent; general tariff, 35 per cent.

Mr. BENNETT: Is the wording of that quite satisfactory—"not to include tea-pots, jugs and similar articles of the type commonly known as earthenware"?

Mr. DUNNING: "Similar articles."

Mr. BENNETT: All right if the department thinks so.

Mr. DUNNING: It is already included in the agreement. I do not think we had better go any further in definition.

Mr. DEACHMAN: I should like to point out that the product referred to in this item is not made in Canada, and we are giving to the British manufacturers under this rate a very substantial exclusive market because the duty under the intermediate and general tariffs is practically prohibitive. My understanding is that within the last few years the British manufacturers have raised their prices very materially and are taking advantage of a situation which gives them practically a monopoly in this market. I believe there would be a decided improvement in the dominion at the present time both from the standpoint of revenue and price if the intermediate and general tariffs were at a lower rate.

Mr. DUNNING: The free entry of this class of tableware is not new. I think my hon. friend knows that we are continuing the free entry, and we are amending the wording to define clearly what we intend. I do not like to discuss in detail the difficulties attendant upon the handling of the intermediate tariff under present conditions. The matter is a very complex one, and nowhere are there more difficulties than with commodities such as these. The hon. member says that they are not made in Canada. It is true of a great many articles that while they may not be made in Canada, similar articles may and often do displace articles that are made in Canada; they are alternative to them. The ordinary earthenware is made here. Medicine Hat pottery is, I think, developing very substantially, and I understand that semi-porcelain tableware is made at Hamilton. The effective competition under the intermediate tariff in respect of this particular item is from such a wide range of foreign countries that I would certainly prefer to get a little quid pro quo by way of the admission of certain Canadian products to the interested countries before we undertake to reduce the intermediate duty. In fact, even over the present intermediate duty, certain types of these goods are being imported in volume.

Mr. DEACHMAN: I would point out that this is one of the substantial items in our tourist trade with the United States, where prices of china are extremely high, and tourists come here and buy large quantities to take back. If the British producer will put these articles in at a low price to give us a chance to market a large quantity and make a substantial profit on them we can do an important business with the United States; but if the British price, through restrictions imposed by the intermediate tariff, remains too high we lose a large portion of that market, which is well worth while.

Item agreed to.

Mr. DUNNING: Now item 296e, Mr. Chairman, a new item. My colleague will move it.

Mr. ILSLEY: I move:

That schedule A to the Customs tariff, as amended by resolution No. 2 of February 25, 1937, be further amended by inserting therein the following item, enumeration and rates of Customs duties:

296e. Magnesite, calcined, not further manufactured than ground, when imported by

manufacturers of insulating materials for use exclusively in the manufacture of such insulating materials in their own factories: British preferential tariff, free; intermediate tariff, free; general tariff, 30 per cent.

Mr. DUNNING: The item is intended to afford a reduction in duty on certain calcined magnesite imported for use in manufacturing in Canada, the insulating material commonly known in Canada as eighty-five per cent magnesite insulation. Magnesite is produced in Canada, including the calcined magnesite, but the Canadian product is too high in calcium to permit of its use in insulating material, and there is no objection by Canadian magnesite industries to the insertion of this item.

Mr. BENNETT: What is the reduction?

Mr. DUNNING: The rates will be free, free, and 30 per cent.

Mr. BENNETT: Properly speaking, notice of this should have been given in the votes and proceedings.

Mr. DUNNING: I did not anticipate that we should be going on with it to-day.

Mr. BENNETT: If there are only a few items it is not important.

Mr. DUNNING: They are mostly matters of wording. This is the exception so far.

Motion agreed to.

Item agreed to.

Customs tariff—306d. Ornamental or decorative marble (not including chips), unicolour or variegated, of colours and/or texture not produced in Canada, rough, hammered, sawn, sand rubbed, chiselled or polished, with or without design thereon, when specially imported and used for interior work in churches and public buildings, not to include buildings operated for commercial purposes or for private gain or profit: British preferential tariff, free; intermediate tariff, free; general tariff, 35 per cent.

Mr. DUNNING: This is contentious; I have had representations against it. I suppose that everyone who has had anything to do with the Finance department or with the Department of National Revenue over a number of years will remember that many applications are received for remissions of duty in connection with ornamental marble imported for church uses. We have thought it well to face the matter squarely and to do outright what has really been the administrative practice over a period of years, so that there will not be any doubt or embarrassment to trouble future ministers.

Mr. BENNETT: The important words are "not produced in Canada."

[Mr. Ilsley.]

Mr. DUNNING: Yes. I should say in fairness that it is represented to me that while this class of article is not produced in Canada—

Mr. BENNETT: Something takes its place?

Mr. DUNNING: Yes.

Mr. BENNETT: This largely covers Italian marbles.

Mr. DUNNING: Yes.

Item agreed to.

Customs tariff—320. Plate glass, not bevelled, in sheets or panes not exceeding seven square feet each, n.o.p.: British preferential tariff, free; intermediate tariff, 20 per cent; general tariff, 25 per cent.

Mr. BENNETT: Would the minister say anything more about plate glass than he has said already? I am not going to discuss the item at length, but the other day I glanced through the report, which shows that this certainly affects our furniture business and our automobile costs. I do not know what would be the effect of putting the intermediate tariff much lower—whether or not the cartel does not extend even to the United States. I am not sure on that point.

Mr. DUNNING: By this reduction, which became effective only on budget day, the duty is reduced by one-fifth. This is our first step. We shall now see what will happen under the reduced duty with respect to United States and Belgian producers. If it should happen that in spite of the reduction the present condition continues, we shall have to use the escape clause in the agreement passed this afternoon in an endeavour to settle the matter. There is no doubt at all that an abuse exists. I prefer to deal with it in this manner, but of course we have a perfect right to move under the other method at any time.

Mr. HEAPS: Could the minister inform the committee of the extent of the control exercised over glass production by this cartel?

Mr. DUNNING: I doubt if I could put any limits on it in its relation to plate glass and window glass. If my memory serves me right there is only one British firm. With respect to other types of glass I do not think the crystallization is at all complete, or really pressing.

Mr. HEAPS: Does the minister believe that by introducing a tariff the difficulties which are presented by a cartel controlling so much of the production can be overcome?

Mr. DUNNING: I am trying that experiment. I do not know. It is one remedy that is available to us, and this reduction is the first step. A possible further step might be the utilization of the escape clause of the agreement and making plate glass free. I am not prepared to take that step until we see the results of this one. It is impossible to forecast accurately.

Item agreed to.

Customs tariff—321. Plate glass, not bevelled, in sheets or panes, exceeding seven square feet each, and not exceeding twenty-five square feet each, n.o.p.: British preferential tariff, free; intermediate tariff, 20 per cent; general tariff, 25 per cent.

Item agreed to.

Customs tariff—328a. Parts, unfinished, for the manufacture of spectacle and eyeglass frames: British preferential tariff, free; intermediate tariff, 5 per cent; general tariff, 5 per cent.

Mr. DUNNING: We have dropped the word "metal," because there are parts of things other than metal.

Item agreed to.

Customs tariff—342a. Copper alloys containing boron, for use exclusively as a flux or a deoxidizer in melting non-ferrous metals: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. BENNETT: What is the reason for such a great cut in these duties?

Mr. DUNNING: This is an entirely new item. It is designed to effect free entry of copper alloys containing boron for use in the smelting of non-ferrous metals. These alloys had been dutiable previously at 15, 25 and 25 per cent.

Mr. BENNETT: Under n.o.p.

Mr. DUNNING: Yes. It is represented that the duty on these alloys has caused an actual deterioration in the quality of the final products because of the enforced substitution of inferior fluxes and deoxidizing agents.

Item agreed to.

Customs tariff—348a. Sculptures in any material, in round or in relief, cast or cut from models prepared in Canada and designed by sculptors domiciled therein, not to include more than two replicas or reproductions of the original model, under such regulations as the minister may prescribe: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. BENNETT: I remember making an inquiry some months ago. We were endeavouring to develop in this country the business of casting copper or bronze, and I was told that they had made great improvements of late. Of course this will end that industry. Whether it amounts to anything I do not know. Entry will be free from all countries of the world.

Mr. DUNNING: This is asked for by the sculptors' society, and we have not been able to find any successful development of casting in Canada. Certainly those interested from the artistic point of view are not satisfied with what they can get done here. It will be noticed that in the wording we have endeavoured to ensure that the permission will not be abused by saying: "cast or cut from models prepared in Canada and designed by sculptors domiciled therein, not to include more than two replicas or reproductions of the original model." We think we ought to encourage our artists to this extent.

Mr. BENNETT: Yes. There is no need, though, of putting on the limitation of two.

Item agreed to.

Mr. BENNETT: What are we proceeding with this evening? Really, I am not very fit.

Mr. MACKENZIE KING: The supplementary estimates of the present fiscal year, and one or two items on the order paper which were mentioned last night—the second reading of the bill to establish Trans-Canada Air Lines, the New Brunswick national park bill, and the fisheries research board bill.

Mr. BENNETT: Is the Minister of Finance going on again to-night?

Mr. DUNNING: If I could be relieved to-night, I should appreciate it. If further supplementary estimates for the current year could be taken up in case of need it would relieve me, because I have had a pretty hard time.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Progress reported.

NEW BRUNSWICK NATIONAL PARK

Hon. T. A. CRERAR (Minister of Mines and Resources) moved the second reading of Bill No. 75, respecting the establishment of a national park in the province of New Brunswick and to amend the Nova Scotia and Prince Edward Island National Parks Act, 1936.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—Lands set apart as a national park in New Brunswick.

Mr. STEWART: Has the minister any more information to give regarding the probable site of the park?

Mr. CRERAR: No. When the resolution was before the house I explained the position, but perhaps my hon. friend was not in his seat on that occasion. Several sites have been reported upon. Under the parks act the New Brunswick government has to supply the federal authority with the park area free of charge. That involves on the part of New Brunswick the repossession of certain properties in almost any park area that may be selected. That matter is now before the government of the province, and I daresay they are looking into it with a view to offering a satisfactory site at the least possible expense to the province.

Mr. CHURCH: I see no objection to these provinces having parks but we are passing legislation in advance of the securing of the sites. Why cannot Ontario have equal treatment in this matter? There is a great deal of discussion in the Ontario papers about the linking up of the parks I mentioned the other night, and I suggest that the minister should have a survey made there. I do not object to there being parks in the provinces by the sea, but I submit that there should be permissive legislation under which a survey might be made in Ontario of various properties which the government owns in that province.

Mr. CRERAR: That is a matter which in due time, and I hope before long, will be considered. There are three small park areas in Ontario—quite small. Work on the park in Nova Scotia was begun last year, and so far as New Brunswick is concerned this bill is to enable the work to get under way there. I trust that before many years have passed we shall be able to give consideration to the useful suggestion made by my hon. friend.

Section agreed to.

Section 3 agreed to.

Bill reported, read the third time and passed.

FISHERIES RESEARCH BOARD

PROVISION FOR REPEAL OF BIOLOGICAL BOARD ACT AND CREATION OF NEW BODY

Hon. J. E. MICHAUD (Minister of Fisheries) moved the second reading of Bill No. 77, to repeal the Biological Board Act and to create the Fisheries Research Board of Canada.

[Mr. Crerar.]

Mr. STEVENS: This is not on the list given last night. I have no objection to our proceeding with it but no notice was given of it.

Mr. STIRLING: Yes, it was mentioned.

Mr. MACKENZIE KING: It was mentioned.

Mr. MICHAUD: As I explained when the resolution was before the house, this is really an amendment to the present act, although according to the title it is to repeal the Biological Board Act. The purpose is to change the name of the board, also the method of selecting the members of what is now known as the biological board. The members of the board are scientists, who work voluntarily and give their attention exclusively to the study of fish. They are asking for this legislation because they feel that the board's present title is misleading. The members are engaged exclusively in fisheries research; they do not investigate any other biological subject. Moreover, it has been found difficult to maintain the membership of the board under the provisions of section 4 of the act as it stands.

Under the amended act the members will be selected by the minister; there is no change in that regard, but the method of selecting them is changed to some extent. The new act directs from what class of people the members shall be selected, namely, two from the department, two representing the fishing industry on the Atlantic coast, and two representing the fishing industry on the Pacific coast, and nine scientists selected from a list including nominations which may be made by any Canadian university. Under the act as it stands to-day the minister selects seven members and then designates universities which recommend to him one member each. Some of the universities have not given any attention to fisheries research lately, and in fact did not recommend any of their staff to this board. So this new act is asked for by the board as at present constituted to facilitate their work. There is no additional expense involved, and it is to satisfy them that it is presented.

Right Hon. R. B. BENNETT (Leader of the Opposition): I have been interested in following the work of fish research for many years. Nothing struck me more than the character of the research work being carried on in New Zealand in respect to fish and the results obtained there through scientific research.

This bill is commendable in all respects except for the question whether this work should not be done by the National Research

Council, or under its direction. I do not know, for I have not had the opportunity to be advised, what possibility there is of the National Research Council devoting some time and effort to research work with respect to the fisheries of the country. When the council came into being I thought that it would be an aid to the federal power in connection with every branch of research work which it was desired to carry on. I have been disappointed in some cases, but I still think there should be provision for aid being given by the council through research on scientific lines to every branch of the federal power. I am sure that it might be done. It was one of the many things that one would like to have had opportunity to deal with, but the pressure of other things made it impossible.

I do suggest to the minister that on this board of fifteen there should be a representative of the inland fisheries. There is provision for two from the Atlantic coast and two from the Pacific coast, but our great inland fisheries are left unrepresented. The great lakes supply large quantities of valuable fish. Undoubtedly the supply of fish shipped from Manitoba to the United States has been substantial. In the northern part of Alberta large quantities of fish are obtained and shipped to the American market in a frozen condition. It seems to me that should warrant some representation being given—I do not say necessarily two members—to the great inland fresh water fisheries of the country. In the lakes and rivers in the north, of the three prairie provinces, and in the great lakes we have extremely valuable fish resources, which should be developed and conserved. I think that question might be worthy of the minister's attention. I have no strong views on it but it did occur to me as desirable. It was not indicated how many members there are of the biological board.

Mr. STIRLING: Seven.

Mr. BENNETT: Just why it should be increased from seven to fifteen is a little difficult to understand, but as they are serving without remuneration other than their expenses I suppose it is desirable to have as many scientists as possible. But one might well be selected to represent the inland fisheries.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Before the minister replies, might I offer another suggestion, namely that there should be representation on the board of the organized fishermen? The industry itself is to have representation.

Some of us have been listening to-day to Mr. Butler of the international labour organization and have been reminded that it consists of representatives of the government, of industry and of labour. It seems to me we might go so far in this legislation as to provide not merely for departmental officials, scientists and representatives of the industry, but also for a representative of organized labour. Surely in this matter the Prime Minister and the Minister of Labour would agree. I do not want to offer an amendment, but I submit that such a provision ought to be included.

Mr. MALCOLM McLEAN (Melfort): I should like to add a word to the plea of the leader of the opposition (Mr. Bennett) on behalf of our inland fisheries. He referred to the western provinces, but I think he left out the one in which I happen to be most interested, Saskatchewan. Saskatchewan has great fisheries. The landlocked salmon of that country, or lake trout, is a very valuable fish, and something should be done to protect and propagate them if at all possible. Also in Saskatchewan particularly, and perhaps running over into Manitoba there is the last great reserve of sturgeon of which we know in this country. Occasionally specimens of sturgeon are caught elsewhere, but I think the commercial fishing of sturgeon is pretty much a thing of the past. There are sturgeon however, in the waters of Manitoba and Saskatchewan, and if the fisheries research board devoted some attention to it they might discover a way by which the sturgeon supply could be much increased. I understand that up to the present the difficulty in connection with the artificial hatching of these fish has not been overcome. Sturgeon is one of the most valuable fish in the world, and I should like to see some scientific representative on the board who would devote particular attention to the fresh water fish problem, particularly in connection with landlocked salmon and sturgeon.

Mr. J. J KINLEY (Queens-Lunenburg): I am glad to see that this bill provides for representation for the practical end of the fishing industry. Science is one thing, but practical application is another. In order to succeed, the two must work together. The county I have the honour to represent has been for years a great centre for deep sea fishing in Canada. With regard to research we find out some things for ourselves and copy some things from people in other countries who are carrying on the same industry. It is true of all industry that a great deal can be learned by observation and looking around to see what other people are doing.

The practical end of this matter should be kept in mind, and the research board should have a strong commercial section who will seek to apply what is learned and make it of real benefit to the fishermen of this country.

There are two divisions of the fishing industry, strange as it may seem, there is the branch upon the sea, and that upon the land. The fishery upon the sea is national in its importance; the branch upon the land deals with the preparation of the fish, the care of the fisherman's family, and the social conditions surrounding the fishing industry, which are largely a matter of provincial concern. Therefore in the formation of this board I think it would be well for the dominion government to work with the provincial governments, especially those of the maritime provinces, and to consider their recommendations in regard to personnel.

I think the change proposed is commendable, and I am glad that provision is being made for the payment of the men who will do this work. I do not like boards that are supposed to work for nothing; usually they are worth what you pay them. In this instance provision is made whereby the minister will have some control over those who are working for the government, which is I think most desirable. Properly constituted and given the right instructions this board, I believe, will be of some benefit to the fishermen of Canada.

Mr. A. E. MacLEAN (Prince): I do not know of anything that is deserving of more attention by the research council and the biological stations than our fisheries. One thing is sure, and that is that unless some means are developed to take care of the situation, perhaps by artificial propagation, some of our greatest fisheries assets will be completely wiped out. When we see what has been accomplished in other lines, we have reason to believe that if this industry is given the attention it deserves similar results might be obtained. I hope the Minister of Fisheries (Mr. Michaud) will see to it that the energies of this board are devoted to a very earnest endeavour to assist the fishing industry, and that artificial propagation is carried out wherever possible.

In the county which I have the honour to represent we have a biological station which has done valuable work, and no doubt the results that have been accomplished at that station in the special work they have undertaken can be achieved also in other lines. There was a time when there were lobster hatcheries all over the maritime provinces. For some reason or other these hatcheries have been discontinued; perhaps the department felt they were not a success. But even if they were not successful in the past I do not see why this board could not develop some way of making the hatcheries a success in the future. I do hope that they will be re-established so that the lobster fisheries, which provide the best cash return for the fishermen of the maritimes, may not be completely wiped out.

Mr. VITAL MALLETTE (Jacques-Cartier): Mr. Speaker, I wish to remind the house of the extensive fisheries situated in the province of Quebec. In addition to the great commercial fisheries of Gaspé and the Magdalen islands, of the Saguenay and of the whole north shore of the St. Lawrence, the northern part of Quebec possesses numerous lakes, which swarm with fish and are the delight of the tourist. I must not fail to mention the St. Lawrence river and lake St. Louis, on the shores of which lies the county which I have the honour to represent in this house. As regards the preservation of our fisheries, I understand that the fishermen of these regions do not take sufficient interest in the matter. The federal government and the government of Quebec should co-operate with a view to finding a way to attain this end. I am of opinion that the province of Quebec should be represented on this Fisheries Research Board. I am certain that there are in Quebec men who possess all the qualifications required to fill these positions.

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, in the Windsor Star of January 9 of this year I read a very interesting article, as follows:

Rail Cars Keep Meat, Fish Fresh
New System, Devised in Canada, Being Studied by Lines
Tests Described
Colder, More Constant Refrigeration Gained at Less Cost

Ottawa, Jan. 9.—A railway refrigerator car which provides colder, more constant and more evenly distributed refrigeration at less expense and labour than the type at present in use on Canadian railways, has recently been developed by the Biological Board of Canada, in co-operation with the National Research Council, and is now receiving the attention of the two railways, it was learned here yesterday.

After reading that article I felt rather curious about the matter and communicated with the proper officials of the Department of Fisheries in order to ascertain whether or not the National Research Council had anything to do

with this marvellous improvement. The letter I received in reply was dated January 25, and reads:

Experiments in the new method of railway car refrigeration have been carried on now for some years by our Prince Rupert station staff. These experiments were conducted entirely by the staff. Mr. Young, who has been in charge of the work, was able to interest the Canadian Pacific Railway Company sufficiently to design a car with his advice for the purpose of making a test shipment of fish or meat from Vancouver to Montreal. This took place last summer and Mr. Young accompanied the car across the continent.

While the new system was found to be highly successful and much more economical than the old method, curiously enough it was found, owing to the even distribution of the cold throughout the car, that when the door was opened in Montreal the rushing in of air from the outside caused condensation inside the car. With the old method of refrigeration in the railway cars the cold was not properly distributed throughout the car, consequently, in the centre of the car the temperature was higher than that at either end of the car so that when the door of the car was opened no condensation took place as the outside air struck the comparatively warm air in the centre of the car. This problem could have been easily solved by our station staff by the development of a dry air tunnel but it was known that the National Research Council had worked out an arrangement for the unloading of cooled fruits. It is proposed that this arrangement be applied in the transportation of fish and meat. To that small extent, therefore, the National Research Council comes into the picture of the new refrigerator system for railway cars.

This letter was very polite. With regard to the remarks of the right hon. leader of the opposition (Mr. Bennett), it seems to me that the experiments that have been carried on by the National Research Council since General McNaughton became president have been most crazy. I should like to give the house a picture of what has been done since he has been in charge. The most stupid experiments have been carried on, leading to nothing, and that was why I asked for the economic value in dollars and cents of each of those experiments. I have before me a return of the house in that connection, and I am sure hon. members will laugh when I read it. They will see the futility of the sort of work that has been carried on, at the cost of a million dollars, since McNaughton went there in June or July of 1935. It has been a complete waste of money. The experiments carried on by Doctor J. A. Anderson include:

Demonstrated that barley proteins form one complex, not two distinct fractions as formerly supposed. June, 1935, to March, 1936.

This is very good for the unemployed.

Developed new method for measuring diastatic activity of malt, more rapid and precise than older methods. March, 1936, to January, 1937.

This is to help the brewers and the drinkers of beer.

Developed new method for experimental malting with a precision equal to that of chemical analysis. April, 1936, to February, 1937.

Mr. SPEAKER: I would direct the attention of the hon. member to the fact that we are discussing a bill the subject matter of which is not in my judgment relative to what he is now saying. The hon. gentleman is talking about the National Research Council, with which this bill is not very much concerned. I think his remarks should be confined to the merits of the bill before the house.

Mr. POULIOT: I agree with you, sir, and I would not have mentioned this, had it not been for the suggestion of the leader of the opposition (Mr. Bennett) that both boards be merged and that the work be done by the National Research Council. I have attempted to show the futility of the work of the National Research Council, and in doing so have praised the bill sponsored by the minister. The body he is creating will be much more valuable than the National Research Council has been. One of the men to be appointed to the board has found a very excellent way of transporting fish, something which had not been done previously by the council. To show the absurdity of the proposition of the right hon. member for Calgary West (Mr. Bennett) I should like to prove that at great cost to the country, since McNaughton has been there, the National Research Council has been doing nothing useful. Until the right hon. gentleman withdraws his argument, I am sure what I am about to say will be in order.

Doctor W. H. Cook, a famous scientist, has made some excellent discoveries. He has collaborated in the design of the first fully automatic carbon dioxide refrigeration plant to be built. That took place between June, 1935, and January, 1936. He designed and built the apparatus for maintaining humidity in cold storage rooms, and that took place between June and December of 1936. Between September and November, 1935, he determined the maximum storage life of chilled poultry. I shall refer to only one more of his undertakings, and then shall refrain from making further references.

Information discloses that he determined conditions for defrosting and dechilling cold storage poultry, without formation of condensate. He determined the cause and method of preventing freezer burn in cold storage poultry. That work was done between April and October, 1936. Then he designed the apparatus and method for collecting and

measuring tainting substances given off in minute amounts by food products in storage. That was accomplished between September, 1936, and February, 1937.

What is the utility of that work? Here we have a gathering of sensible and practical men, with the probable exception of one—and I leave it to the committee to decide who he is. Probably it is the one who made the suggestion that the National Research Council was of some use. Hon. members have heard about the subjects on which these men are working. It is absurd, that is all.

Then we find something of great importance to the country, the work done in connection with soya beans. This is of the utmost importance—a work which since June or July, 1935, has been costing a million dollars. Doctor H. D. Chataway has been working since September and October of 1936 on a scientific discovery concerning the relationship between the moisture content of soya beans and the relative humidity of the air. If you have not had enough of that, I have.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Short title.

Mr. STIRLING: Will the minister give details on the explanatory note which states that the board shall be smaller, despite the fact that section 4 says it will be double the size?

Mr. MICHAUD: If the hon. member would read section 4 of the act and compare it with section 4 of this bill he will find that the present membership is seven, plus members from the universities. For some time the board had as many as twenty members. The present membership, I understand, is fifteen, because some of the university representatives, through death, resignation or other causes have not been acting. Under the new bill the membership will be limited to fifteen.

Mr. STIRLING: The supplementary members are limited to nine, whereas before there could be any number.

Mr. MICHAUD: That is correct.

Section agreed to.

Section 2 agreed to.

On section 3—Board created.

Mr. BARBER: Section 3 states that the appointment of the board shall be under the control of the minister. In the past the biological board has been under the control of the minister, has it not?

Mr. MICHAUD: Yes.

[Mr. Pouliot.]

Mr. BARBER: We were hoping that the board of scientists would be more directly under the department.

Mr. MICHAUD: That has always been so.

Mr. BARBER: It was our hope at the coast that not only would there be scientists, but that there should be some practical men acting under the minister. Apparently appointments will be limited to scientists with some representatives of the industry.

Mr. MICHAUD: It is difficult to agree on a definition of the term "practical man." I believe some discretionary power is given the minister to appoint so-called practical men as representatives of the industry. Those representatives might well be described as practical men. The object of the legislation is to enable the minister to exercise discretion in the appointment of practical men, men who have knowledge of the work and have been connected with it.

Section agreed to.

On section 4—Constitution of board.

Mr. STIRLING: Would the minister indicate how the four representatives of the fishing industry on the two coasts are to be appointed?

Mr. MICHAUD: Under the act they would be appointed by the minister, selected from among those in the industry who give particular attention to research work. On both coasts there are parts of the industry which have their own research laboratories and officials who are willing to use their knowledge, experience and talents. That is why we would like to appoint them to the board and use them to full advantage.

Mr. STIRLING: Then the minister is referring to scientific men on each coast connected with the industry, and not to canners or fishermen. He has in mind men employed in scientific work, if I understand him correctly.

Mr. MICHAUD: Scientific or semi-scientific. We would want men who are giving enough attention to the scientific side of the industry to be useful on such a board. This would not be a marketing or business board, but simply a board of men getting together and corresponding with each other during the year, and carrying on research work in connection with fish and other marine life.

Mr. KINLEY: I think this board should be allied as closely as possible to the active end of the fishing industry. Most of the firms located on the Atlantic coast carry on research

work of their own. They have to in order to keep in touch with conditions and with progress. I think we should use these practical men and that preference should be given to their appointment on this board.

Mr. BARBER: Mr. Chairman, this section states that two of the members of this board are to be from the department, two are to represent the fishery industry on the Atlantic coast, and two are to represent the industry on the Pacific coast. I would imagine that such membership would consist of one man representing the canneries and one representing the fishermen. There are men in the department who have been carrying on practical work of this kind for the last fifteen or twenty years and I think some of them should be included in the membership of the board. Last year I protested against leaving fish culture entirely in the hands of scientists. It is all right to have scientists on this board, but they should be working along with practical men. I had hoped now that a reorganization is going to take place that some of these practical men would be made members of the board.

Mr. REID: Mr. Chairman, I think the minister would be well advised to consider the practical end of this matter. In the past few years there has been a tendency on the Pacific coast to exert pressure on behalf of the sport fishermen, and an effort has been made to make it appear that that type of fishing is just as important as commercial fishing. The biological board spent considerable time and effort in the development of sport fishing, and an effort may be made to exert pressure upon this new board to have more attention paid to sport fishing than to the commercial end. The minister would be well advised to consider the appointment of practical men to the board. There is a great deal to be said in favour of sport fishing, but I think we all agree that commercial fishing should be the first consideration of the department.

Mr. MICHAUD: The department has not overlooked the advantage of using some of these so-called practical men. There is on the present board a man who is connected with the canneries, also one who is connected with the fishing industry on the Pacific coast. Both of them are what would be termed practical men.

In connection with sport fishing I might say that part of the duties of the board will be to study the possibilities of developing sport fishing throughout the country with a view to attracting more tourists, and a special committee of the board is looking into this matter.

So far as geographical representation is concerned, I think all parts of Canada are represented. The present chairman is a professor from Manitoba university, and it is quite natural that considerable study be given to inland fisheries. Another member is on the faculty of the Saskatchewan university. While there are only two members from the department, the other officials are at the disposal of the board.

Section agreed to.

Sections 5 to 8 inclusive agreed to.

On section 9—No salaries.

Mr. BARBER: Will the same policy be carried out in connection with this board of paying a per diem allowance and travelling expenses?

Mr. MICHAUD: Exactly.

Mr. TOLMIE: Could the minister outline what the board is doing to encourage sport fishing?

Mr. MICHAUD: The department is trying to encourage sport fishing as much as possible. As is known to hon. members representing the eastern provinces, for some time Doctor A. G. Huntsman has been endeavouring to revive some of the sport fishing areas which have been exhausted. In the central provinces we are cooperating with the railways and with the provincial authorities in an attempt to develop fishing areas. On the Pacific coast there is a commission, made up of members of the department and the provincial government, studying the possibilities of coordinating the work of the two governments with a view to bringing down the cost by the elimination of duplication. An effort is being made to develop fishing areas in British Columbia which up to the present time have not received much attention because of the dual responsibility. An interim report was forwarded to the department a few weeks ago. I have not read it in detail, but from what I have read I believe there is hope for an early agreement between the two governments which will bring about the further development of sport fishing areas on the Pacific coast.

Mr. TOLMIE: Are any hatcheries being used for the development of sport fish? Are restrictions placed upon certain areas in order to increase the supply of fish?

Mr. MICHAUD: Yes.

Mr. KINLEY: The conservation and also the development of sports fishing in the province of Nova Scotia is an important matter,

and the fish and game societies think that parliament is not doing very much. The problem especially in my riding, where there are two splendid salmon rivers, is one of water control. At times in the year the rivers get into such a condition that the fish cannot make their way up the stream because of water shortage, and by providing a water control at the head of the lakes this condition could be very much improved. In the days when the lumber companies were operating they controlled the water, but now that they are gone, although they do not operate on some of the rivers, they have left their dams there, and these dams could very well be repaired and kept in shape; it would not cost a great amount of money.

The south coast of Nova Scotia is only an overnight journey from the city of Boston, and it is a favourite place of resort for sportsmen and tourists in May and June; in fact, the salmon are running in the Medway river now. This is a great source of revenue to the people along the shore. We believe that our tourist trade is merely in its infancy and that it can be developed to a considerable extent. The last government did start a rearing pond at Harmony, in the north section of my county, and this government finished it—a creditable act on their part. I understand that now it is to be put in operation, and I hope that we shall have another rearing pond on the Nine Mile lake, which is at the head of Lahave river. We might have a dam at Sherbrooke lake in order to control the flow of water into the Lahave river, which is rapidly becoming one of the best rivers in Nova Scotia for salmon fishing: it is a large river, the largest in the province. I am a little disappointed that action was not taken sooner for the development of this river. I recognize there are some difficulties about flowing rights on the lake, and that that is under provincial control, but I understand from the fish and game association that the lumber company, Hollingworth and Whitney Company of Boston and New York—who control the river, will give a transfer of their flowing rights, and if the dam is put in, the water will never be higher than it was at the time they were operating this river.

May I impress on the minister that the fish and game society of Nova Scotia are commendably active at the present time, in the interests of the province and of tourist traffic, that salmon fishing is a great asset to our country, and that the department should spend some money in order that the fish may be conserved, the industry further developed, and our tourist trade from the American cities largely increased.

[Mr. Kinley.]

Mr. MICHAUD: I am sure that the hon. member and others representing constituencies where there are fishing possibilities realize the difficulties which confront any body, especially a government, in reviving sport fishing, particularly in Nova Scotia. What is involved is practically the artificial reconstruction of sports fishing. On account of the deforestation of the country there is a great difference between the spring and the midsummer flow in the river, and by reason of the industrialization of that section of the country several water-powers are built on practically all the rivers of importance, and it is difficult for the fish to ascend the rivers to spawn when they cannot find enough water at midsummer. We practically have to rebuild artificially the water facilities for the fish to come up and spawn in order to maintain a sufficient quantity for those who wish to avail themselves of the possibilities. I assure the hon. member that the department is doing everything practicable and possible to develop sports fisheries in the province of Nova Scotia.

Section agreed to.

Sections 10 to 14 inclusive agreed to.

Preamble agreed to.

Bill reported, read the third time and passed.

SUPPLY

FURTHER SUPPLEMENTARY ESTIMATES FOR THE FISCAL YEAR ENDING MARCH 31, 1937

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF JUSTICE

Administration of justice—Yukon Territory—Miscellaneous expenditure, including salaries and allowances of court officers, et cetera—further amount required, $2,300.

Mr. BENNETT: What is this for?

Mr. MACKENZIE KING: Just for what is set forth. The Minister of Justice intimated to me a moment ago that this small additional amount was necessary to cover expenditures already incurred.

Item agreed to.

DEPARTMENT OF TRANSPORT

Transport—chargeable to income—marine service—life saving services, including rewards for saving life—further amount required, $3,500.

Mr. CHURCH: I should like to find out what is the policy of the department in this matter of life saving. For many years all the money that parliament has voted in respect of this service has been for the sea;

we have forgotten all about our magnificent inland waterways. Toronto city council, for instance, has had to provide about $100,000 of the ratepayers' money for what is properly a federal government service. There are about seventy-five men in the life saving service at Muskoka, Georgian bay, lake Huron, lake Ontario and all over the great lakes doing what is federal work.

I might call attention to the disaster of the Sand Merchant at Cleveland. The evidence showed that this vessel was altogether inadequately equipped in case of accident, and we know very well what happened. In the fall there is one disaster after another, but nothing is done to safeguard our sailors. When there is any danger, all they can do is blow their sirens and trust to luck; they have to depend on some American life-saving station. Nationalism is the great toast in this country. Well, I say, let us do something to show that we are as a nation prepared to take care of our seamen. We cannot go on any longer like this. Eighteen fine Canadian citizens were drowned off Cleveland in that disaster on December 9 last year, but what does this department do? Have these people no rights?

We provide ample protection for all workers on land; there is legislation for the safety of men employed on the railways and in other forms of transportation. If they can be provided for in this way, surely the time has come when Canadian sailors on the great lakes should be given some measure of protection. Why should we leave them to the mercy of any American life-saving agency? There should be an advanced policy for the safety of those navigating the great lakes. Are we to wait until next fall when another boat goes down before taking action? There was a disaster near Muskoka and another at Owen Sound and there was not a single life-saving station in the neighbourhood. All the money this department is spending for the protection of our sailors is some $2,000, and the vote is mostly for the maritimes. I suppose the government will wait until another ship sinks before doing something, and in the meantime they will assure us that the matter is receiving consideration.

There are the heroes of peace as well as the heroes of war. These sailors on the great lakes are heroes, but when they are drowned their families find themselves on the street. Their wives get no pensions. Ontario contributes over 40 per cent of the revenues of the country. Why should not that province be given some consideration?

Mr. HOWE: The government maintains three life-saving stations on the great lakes, one at Pelee island, one at Southampton and one at Port Stanley. As regards the Sand Merchant, it was a Canadian boat operating in American waters at the time of the disaster, and it was a few miles off Cleveland. Obviously no Canadian life-saving station could possibly have been aware that she was in distress. An investigation was held and it was found that the boat had complied with all the regulations under the shipping act, but the question was raised whether the design was suitable, and thereupon a board was set up to look into the matter. That board includes the best marine architect we could find and we expect shortly a report on the Sand Merchant.

Mr. CHURCH: The investigation the minister talks about was only a whitewash. Had it been carried on by a jury the verdict would have been different. What I want to know is what steps are being taken to prevent these terrible disasters on the great lakes. A number of ships might have been lost and some 2,500 passengers drowned in accidents, but the government does nothing. The only life-saving station we have is the little one off Pelee island, which was obtained in a by-election. You may hold any number of investigations you like, but what is the good of all that when these poor sailors have gone to the bottom and their families are on the street, all because of the failure of this department to provide adequate life-saving facilities such as they have on the American side?

Look at the life-saving stations they have at Detroit, Toledo, Buffalo and other places. But here we are talking about a few dollars when the lives of our seamen are at stake. This department has been passing the buck ever since I have been in parliament. The hon. member for Parkdale knows how necessary it is for the government to provide life-saving stations on the great lakes. Toronto has spent over $25,000,000 in connection with the harbour and the city has to maintain the life-saving station. Why? Because the government got out of it when the harbour board was formed. When the board was formed in 1913 I came to see Mr. Hazen and all he gave us then was an old lifeboat with oars, which would take three or four hours to go about ten miles. This department seems to be catching the sleeping sickness that has afflicted some of the others; it is passing from department to department; and in the meantime the sailors are waiting for something to be done.

I know the minister is a busy man and his duties are onerous, and many of them he is discharging very ably. But in this particular branch of the activities of his department I

certainly do not think that he is doing anything. We are sure to have a few reports, however, and in due course they will be thrown into the waste paper basket. But we do not want reports; we want a really efficient life-saving system. At present we are depending almost entirely on the American life-saving stations in case of disaster. There is provision in the act for the prosecution of those who fail to equip ships properly. Have you ever heard of any prosecution under that act? The statute says that the Minister of Marine shall prosecute, but no prosecution ever takes place. This paltry vote will not go very far, but it will provide a few medals to be handed around. That is all that we shall get out of it. So far as the passengers are concerned, they can go to the bottom of the lake and the Lord be with them.

I look around the chamber to-night and see hon. members on both sides representing lake ports, hon. members for the Hurons, the Greys, Muskoka, Parry Sound; why do we not hear from them? Owen Sound last fall had a disaster, and steamboat captains and others went to their last end. Shipping men were down here the other day, master and mates and engineers, and presented a memorandum to the government, asking for increased protection on the great lakes. These men want life saving stations, not medals; they want proper aids to navigation, as the American stations have. We have many members representing shipping centres on the lakes, but every time this item is up they are sitting silent. By next fall when there is bad weather the same conditions will recur on the great lakes from Hamilton to the head of the lakes, and all you are doing here is nothing. You are going to pass a vote to give a few medals, some of which will go to the department and to people who know nothing whatever about life saving.

There should be a large vote and survey made. The country should not depend on the taxpayers of the city of Toronto to spend $100,000 for life saving for which the dominion government is responsible. The Toronto life saving crew have been sent out all over the great lakes; almost every day calls come from municipalities all over Ontario as far north as Parry Sound and North Bay, and as far west as Windsor, and to the waters of Muskoka—and the Toronto taxpayer pays. And all we do here is pass an item for a few medals. If a man is at the bottom of the lake a medal will not do him much good. We are years behind the times.

Mr. SPENCE: I wish to endorse what the last speaker has just said. We in Toronto think that the dominion government should contribute some part of the money we spend for the life saving service there, because it costs a lot. Last summer there was a wreck on lake Simcoe and our life saving crew were called up there to rescue some people out of the lake, and before they left there was another accident at Owen Sound. A boat went down and several lives were lost. The Toronto life saving crew and divers were taken there and did all the work.

It is costing Toronto a lot of money to do life saving all over the country. The life saving crew are called to Muskoka, Parry Sound, Owen Sound, lake Simcoe around Jackson's Point, and all through there. It is very unfair. This item is only $2,500 but I presume there is another somewhere. The vote should be increased. We should have proper protection on the great lakes, and some contribution should be made to Toronto for the work they have done in saving lives all over the lakes within a hundred miles of Toronto. Is any more money provided besides this $2,500?

Mr. HOWE: The vote in the main estimates was $44,300; this is to make up the deficiency. I am bound to say that the money spent by the Toronto harbour commission is collected from the shipping on the great lakes and is spent for life saving in the same service. It is hardly a contribution from the city of Toronto.

Mr. SPENCE: The life saving crew there is paid by the harbour board and the city of Toronto.

Mr. FURNISS: The hon. member for Broadview issued something of a challenge to the member for Muskoka in this matter. I happen to represent that riding. I do not think there are many lives lost on the Muskoka lakes or lake Simcoe that could be saved by life saving equipment. There was an accident on the Muskoka lakes last summer in which a speed boat cut a row boat in two, and a woman lost her life. A jury was called to hold an inquest, but they did not find the body and no inquest was held.

Mr. SPENCE: That is only one instance; I could mention many.

Mr. FURNISS: That is one case where lives could not have been saved by life saving equipment. It has been suggested to me that at these summer resorts where a lot of motor boats are used, some speed regulations should be put into effect so that the boats will not race around at thirty or forty miles an hour, endangering small craft. I pass the suggestion on to the minister for what it is worth. A small fee might be charged to every motor boat owner, a nominal sum per foot for

the running length of his boat, and that money used to pay a man for looking after the traffic on the lakes. It has been suggested that every operator of a motor boat should pass an examination, the same as the driver of a motor car. In view of this and other accidents on Muskoka lakes due to excessive speed of motor boats, I think that suggestion is worthy of consideration.

Mr. CHURCH: I can produce the log book of the Toronto harbour life saving station. Sitting opposite me is the hon. member for Spadina. Only last summer he had to phone the life saving station on a Sunday. Several people were in the water, some of whom drowned, and he got the lifeboat sent to lake Simcoe. Let me tell the hon. member who represents Muskoka that there was an accident there last summer in which a woman had her head cut off, and the thing was whitewashed by the authorities. No investigation whatever was made, and the body has not been found to this day. The log book would show repeated calls during recent years from the Muskoka lakes from Toronto residents who have their summer cottages in the hon. member's constituency, and there is no life saving station there at all. I am not speaking as a party man. I want to see lives saved not only in Muskoka but elsewhere, Georgian bay and lake Simcoe are dangerous waters in the summer. All the Toronto members know that almost every week-end Captain Lang and his crew receive calls from all these localities. I have not the official list here but last year the calls for this station were the most numerous in the history of the city; the crew go all over the lakes doing life saving. What has the hon. gentleman to say about the sinking of the Sand Merchant and the disaster at Owen Sound? Were no lives lost there? Of course there were; eighteen in one of them. And we are going to pass an item for a few medals! I hope the hon. member for Muskoka will get one of them, because I am unaware of anything he has done since he has been in the house either in the interests of our national parks, life saving or anything else. I can tell him that his constituents want him to wake up and see that something is done, that some funds are provided by the government for the Magnetawan district, the Lake of Bays, and other places where the Toronto crew has had to go during the past three or four years. The taxpayers of Toronto are getting tired of paying the bills for Muskoka and these other districts where there are no life saving stations and no aids to navigation at all.

Mr. FURNISS: I wish it understood that I am not crying down life saving apparatus, but I do not think many of the lives lost in these lakes, to which hon. gentlemen have referred, could have been saved by means of life saving apparatus. The accident to which the hon. gentleman referred in particular occurred in the Muskoka lakes. They dragged for the body for a week without being able to locate it, and it never came to the surface. I understand that when a body is mutilated it does not rise to the surface as it would otherwise; the gases escape, and it remains below the surface. No inquest was held and no report was made about the accident, which I understand occurred away out in the lake. I do not live near the Muskoka lakes; I live near lake Simcoe, and the only complaint I heard last summer was in connection with the harbour at Beaverton. That complaint had to do with the excessive rate at which speed boats entered the harbour, endangering small craft and also the lives of those in bathing. I am not disparaging the need for life saving equipment, but I do say that very few of the lives that have been lost on the lakes could have been saved even through the use of life saving equipment.

Mr. CHURCH: The hon. gentleman only has to look at his local newspapers to see the disasters that have occurred in his own district. I am surprised that a gentleman representing such a constituency does not know more about the need for these appliances and aids to navigation.

Mr. KINLEY: Is it not a fact that the Sand Merchant was lost off the city of Cleveland, in United States waters?

Mr. HOWE: Yes; I said that.

Mr. KINLEY: Then that is the answer. For half an hour the hon. gentleman has criticized the Canadian life saving system in regard to this boat which was lost while under the protection of the United States life saving system which he has been commending.

Some hon. MEMBERS: Carried.

Mr. SPENCE: I am rising just because hon. gentlemen opposite are calling carried. I want it understood that I am not saying the Toronto life saving crew could save lives in lake Muskoka or Georgian bay, but we have such splendid equipment that when authorities in other parts of the country cannot find the bodies of those who have drowned, our crew goes up with grappling irons, diving equipment, and so forth and does the work.

Mr. FACTOR: I should like to say just one word in reference to this matter. The incident which has been referred to by the

hon. member for Broadview happened about a hundred and fifty yards in front of my cottage at lake Simcoe. Five people were drowned. Of course there was no adequate equipment available to locate the bodies, and I had to call the Toronto life saving crew to come up. They made that fifty mile trip, and inside of three-quarters of an hour found all five bodies in the lake.

I think hon. gentlemen who have spoken, though they mean well, are not placing the responsibility in the proper quarter. The provision of life saving apparatus should be a municipal responsibility, I suggest. For instance, in the lake Simcoe district I think the summer residents should get together and provide proper, modern life saving equipment, and I would say the same of the Muskoka district. I cannot see how the federal government could possibly provide sufficient equipment to take care of all the summer resorts on all the lakes throughout Canada.

Mr. CHURCH: Under the British North America Act all matters having to do with inland waterways, lights, buoys, aids to navigation and so on are a federal responsibility. No part of this vote is spent on the great lakes. Right in lake Muskoka, which is a navigable water, there are rocks and obstructions twice the height of this desk which are not lighted at night. I passed some of them last summer in a boat travelling forty to forty-five miles an hour. We might have been thrown right into the water if we had struck one of these huge rocks, which are found right through the lakes. They are unlighted and uncharted, and I say to the hon. gentleman that the taxpayers of Toronto are getting sick and tired of spending $100,000 for life saving service all over the great lakes. This item means nothing; not a dollar of it is applied to the great lakes. The only thing the government does is to strike off a few medals, while some municipal authority has to shoulder the burden to the extent of $100,000.

Item agreed to.

Railway Service—Maritime Freight Rates Act —Additional amount, in excess of the sum of $1,740,000 already appropriated, to authorize and provide for the payment from time to time during the fiscal year 1936-37 to the Canadian National Railway Company of the difference (estimated by the auditors of the said company and certified by the said auditors to the Minister of Transport as and when required by the said minister) occurring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (upon the same basis as set out in section 9 of the said act with respect to companies therein referred to) on all traffic moved during the year 1936, under the tariffs approved, on the eastern lines (as referred to in section 1 of the said act) of the Canadian National Railways, $76,014.46.

Mr. STEWART: I suppose there is no explanation to be given in addition to what is contained in the footnote? That note is as full as it can be?

Mr. HOWE: That is correct. It is a statutory vote.

Item agreed to.

DEPARTMENT OF TRADE AND COMMERCE

Mail subsidies and steamship subventions—
British Columbia and China and/or Australia —further amount required, $27,750.
Prince Edward Island and Boston—further amount required, $10,000.

Mr. STEWART: I should like some information as to the total amount expended for the British Columbia-China service, for which this amount of $27,750 is a supplementary item, and I should like the same information with respect to the Prince Edward Island-Boston service, for which this further amount of $10,000 is required. What was the first amount in each case, and what is the reason for the additional amount required?

Mr. ROGERS: Mr. Chairman, this vote includes two items, one for the service between British Columbia and China and the other for the service between Prince Edward Island and Boston. My hon. friend has raised a question with respect to each of these items.

With regard to the service between British Columbia and China, the main estimates contained a vote of $118,800 for this service for the current year. This was sufficient to pay the contract subsidy of $4,950 per trip for twenty-four trips. It is estimated that by the end of March of this year twenty-nine trips will have been made; that is to say, there will be five additional trips, to the cost of which must be added $3,000 paid under the terms of the contract as additional subsidy for three calls made at Prince Rupert during the present fiscal year.

Doubtless my hon. friend wishes to know the reason for the additional trips. The reason lies in the fact that a strike of longshoremen in Canadian Pacific coast ports resulted in the diversion to British Columbia of a very considerable number of orders for lumber. The additional trips provided for here were arranged in order to permit those shipments arising from that exceptional demand to be made. That covers the additional amount as far as that service is concerned.

I come now to the service between Prince Edward Island and Boston. In the main estimates there was an amount of $10,000 for this service, and it was the hope of the department that it would be able to secure the service for this subsidy. When tenders were called it was not found possible to have the service done for the amount indicated, and accordingly provision had to be made to have the service performed. May I add that this is a service of considerable importance to Prince Edward Island, as there is quite a traffic in farm products between Prince Edward Island and the New England states.

Mr. STEWART: I suppose the lowest tenderer got the contract.

Mr. ROGERS: My information is that no one tendered for the service at the amount made available in the original estimates. Subsequently the Farnorth Steamship Company offered to do it for $20,000, and the contract was made with them at that rate. During the previous year the service was subsidized over a somewhat similar route. The subsidy was then $35,000 for twelve trips. The service carried passengers as well as freight.

Mr. HEAPS: How many trips were made this year?

Mr. ROGERS: Nine.

Mr. MacINNIS: The minister attributed the extra subsidy to the strike on the United States Pacific coast. I should like to know if that strike did not put a great deal of business in the way of these lines. If so, would it not be reasonable to expect that the extra trips were more profitable than they would have been under normal circumstances? In addition to getting the more profitable business brought about by the strike, they received the government subsidy. That does not seem reasonable to me.

Mr. ROGERS: I am not in a position to say whether or not the business was more profitable. I take it that the strike on the Pacific coast would not have materially affected the delivery price of lumber in China or Australia. As a matter of fact it did increase the demand for the British Columbia product, and in order to sell their lumber the exporters made application for an additional number of trips. Provision was made accordingly.

Mr. MacINNIS: Will the company furnish a balance sheet showing its business turnover, so that the department may know whether it has made a profit or a loss on the year's business.

Mr. TOLMIE: Is the department subsidizing a line of ships from the west coast of British Columbia to South Africa?

Mr. ROGERS: I believe one company is so subsidized. I hesitate to speak on the point without having the information before me. I believe the point will arise in connection with the main estimates of the Department of Trade and Commerce.

Mr. MacINNIS: Would the minister answer my question as to the statement to be made by companies with respect to business done by them.

Mr. ROGERS: I have nothing before me which indicates precisely the procedure followed when a subsidy is made for a particular service. I take it that a company applying for a subsidy would have to make a case, in other words, establish the need for such subsidy to permit the service to be given. In the short time I have been acting Minister of Trade and Commerce I have had occasion to observe that these matters are gone into with considerable care. For example, in some cases where steamship companies have applied for increased subsidies, and it has been found that as a matter of fact they have been carrying on profitably, the proposed increase has not been granted. With the information before me I am not able to say whether in this particular instance the company furnished a statement of its profits or losses on the trips actually made.

Item agreed to.

DEPARTMENT OF MINES AND RESOURCES

Department of Mines and Resources—Surveys and Engineering Branch—Hydrographic and tidal and current surveys, and to provide for the operation, maintenance and repair of hydrographic steamers—Further amount required, $12,000.

Mr. MITCHELL: Will the minister please explain the item?

Mr. CRERAR: The hydrographic survey has a boat operating in the gulf of the St. Lawrence and on the east coast. Unfortunately last summer it ran on a rock. As the hon. member is no doubt aware, the hydrographic survey charts the coast. In carrying out this work the boat was damaged and had to be sent to drydock for repairs and this amount represents the expenditure so incurred. As it could not be foreseen when the estimates were voted a year ago, provision has to be made now.

Item agreed to.

Indian Affairs Branch—To provide for expenses connected with the administration of Indian Affairs—Further amount required, $140,000.

Mr. STIRLING: A week or two ago I drew the minister's attention to the plea of the provincial secretary of British Columbia, who has administration of the health of the province. He made an effort to persuade the minister to give some assistance in connection with the fighting of tuberculosis among British Columbia Indians. I understood the minister to say that in these supplementaries he hoped to provide money sufficient to enable him to give the desired assistance. Has he obtained that money?

Mr. CRERAR: I believe the hon. member is under a misapprehension. These supplementaries represent additional amounts required for the fiscal year ending in a few days, on March 31, 1937. In other words, the estimates submitted to the house a year ago were short these amounts. I hope to have in other supplementary estimates an item covering tuberculosis among the Indians.

Mr. STEWART: Would the minister explain the item? This seems a large amount for increases in administration only.

Mr. CRERAR: The amount is due almost entirely to the increased cost of medical care among the Indians in the past year. In several parts of Canada there were epidemics of influenza, measles and the like, and in our estimates submitted a year ago we pared to too fine a point the expenditures for medical services. If my memory serves me correctly, I believe $40,000 was required for feed and fodder for Indians in the southern part of Alberta. For the information of hon. members, in the dried-out areas there are several reserves with a substantial amount of stock for which it was necessary to provide feed.

Mr. TOLMIE: I have received a similar communication from the government of British Columbia with regard to the prevalence of tuberculosis among the Indians of the province. Do I understand the minister to say there will be another opportunity to discuss this matter?

Mr. CRERAR: Yes.

Mr. MacNICOL: Might I ask under this item a question with reference to the disaster among the Indians at Ile a la Crosse, Saskatchewan, where recently about 46 to 50 have died of some disease. Last year approximately $120,000 was spent for the medical care of the Indians in Saskatchewan. That is a very high cost. I have made calculations in connection with the cost of medical care of Indians on many of our reserves, and shall speak more fully on the matter later on. I was wondering what had been done in connection with the tremendous loss of life at Ile à la Crosse. If these deaths had occurred in a white community, the whole country would have been aroused, but when 46 Indians die, there is not much fuss made about it.

Mr. CRERAR: I believe my hon. friend secured his information from newspaper reports. The case he cites has not been brought to my attention. There has been what amounts almost to an epidemic of influenza and measles on certain reservations. This was not foreseen when we passed our estimates a year ago, and these supplementaries are to make up the deficiency in the expenditures made during the fiscal year which will end in a few days. I shall inquire into the circumstances of the case referred to by my hon. friend, and probably be in a position to give him some information when the estimates of the Indian department are before the committee.

Mr. DOUGLAS: Has the minister before him the number of temporary employees who have been made permanent during the year? Perhaps this would account for some of the increase in this item.

Mr. CRERAR: This item does not relate to that at all.

Mr. BARBER: As has been intimated, we shall have an opportunity to discuss this question of tuberculosis at a later date. I am glad the minister has intimated that provision is being made in the supplementary estimates to take care of—

Mr. CRERAR: I hope to have provision made in the supplementary estimates.

Mr. BARBER: At two residential schools in British Columbia there have been established what are known as preventoria to combat tuberculosis. Both of these schools are carrying on excellent work, but I have been advised that the department has decided to discontinue the grant of forty cents per pupil which is made to each school. The one at Coqualeetza has been supported to the extent of ten, but fifteen patients have been taken care of. Those in charge are very anxious that this work should be continued because it is practically the only work being carried on by the department in connection with tuberculosis. These people are taking care of Indians under the age of twenty years, the dangerous age for tuberculosis. I should like the minister to bear this in mind when he is preparing his supplementary estimates.

Item agreed to.

Miscellaneous—Expenses of litigated matters —Department of Justice—further amount required, $23,000.

Mr. BENNETT: The hon. member for St. Lawrence-St. George (Mr. Cahan) desired to discuss certain matters under this item, but perhaps an opportunity will be afforded when the main items are being considered.

Mr. MACKENZIE KING: Before the Minister of Justice left the chamber a moment or two ago he said to me he anticipated that this question would be raised. He informed me that there is an item in the main estimates which would permit such a discussion.

Item agreed to.

To provide for payments in connection with the movements of coal under conditions prescribed by the governor in council and for the cost of administration thereof—further amount required, $300,000.

Mr. LAWSON: What is the reason for the additional amount required under this item? There is not much information in the item itself.

Mr. CRERAR: The committee will recall that a year ago we provided $1,950,000 in the estimates for subventions for the movement of coal from Nova Scotia and New Brunswick to Quebec and Ontario, and from Alberta and Saskatchewan to the western boundary of Ontario and even into the province. Because of the expansion in the movement of coal this amount has been found to be insufficient. The estimates of a year ago were kept down to the level of what was required in the previous fiscal year.

Mr. MITCHELL: Is there any intention this year to change the rate of these subventions, either upward or downward?

Mr. CRERAR: The subvention principle will apply this year as in other years, but this does not mean that the rate may not vary slightly. If my hon. friend has looked into the matter, he will know that the basis upon which these subventions are paid is the cost of producing coal in the United States. If the cost of producing goes up in the United States and the Canadian cost remains stationary, then the subvention rate would be lower. If the Canadian cost increases to the same degree as the American cost, then the subvention rate would remain practically the same.

Mr. MITCHELL: The basic rate is not being changed?

Mr. CRERAR: The principle upon which the rates are based remains the same.

Mr. BENNETT: It is not quite on that basis; there is another basis.

Mr. HARTIGAN: All through this session of parliament we have been having a jamboree of aids to agriculture in Alberta, Saskatchewan, Manitoba and the other provinces. I am not speaking in a declamatory manner about what other people may want, but I should like to refer to the statement of the minister to the effect that these subventions are based upon the cost of producing the coal. We from the east sympathize deeply with the afflicted portion of our population in the western provinces, and I want that understood before I start. As far as landing coal in Ontario is concerned, our greatest competitors are the English. I cannot quote his exact words, but the Minister of Agriculture stood up in this chamber the other evening and stated that not only must wheat be sold at the prices set by the wheat board, but all other agricultural products would be governed by the same rule. I do not differ with the minister as far as that is concerned.

Mr. SPENCE: You are very agreeable.

Mr. HARTIGAN: I am agreeable.

Mr. SPENCE: I suppose you want something for yourself.

Mr. HARTIGAN: Is agriculture to be the predominating industry in the dominion of Canada? If it is to be the policy of the dominion government to market agricultural products, then what about our other primary producers? Why should special treatment be given to the agricultural industry and not to our mining, our forestry and our fisheries industries, which are all concerned with important basic products?

I have said, and I repeat, that I am agreeable to marketing arrangements for agriculture, but why exclude the products of our forests, our mines and our fisheries? If we are to have regard to one section of this dominion, and say that we will market their products for them, set a certain minimum price, and ensure that no imported agricultural products or florists' supplies or anything of the kind shall be admitted unless they conform to certain price standards, that is all right, perhaps; but to continue that sort of thing will drive the rest of us into some sort of combination in which the eastern provinces may join up with the industrial sections of the country. If that state of things should occur, the west will have another thought coming; for while the value of agricultural products may be estimated at some $700,000,000 last year, our manufactured products amounted to $1,400,000, without counting the production of the eastern

provinces in mining and other industries. So what should they be entitled to? There must be a halt called somewhere. Some hon. members talk about a paltry two million dollars subvention for the coal movement of eastern Canada, while we sit here and vote two and a quarter million dollars for what? A superannuation allowance for civil servants of Canada. And where does nine-tenths of the proceeds of that superannuation allowance go to? The city of Ottawa. The exact amount, I think, was $2,080,000. But we do not discuss it.

The raft of stuff which goes on down here under the Minister of Agriculture, I tell you is something terrific. We must not imagine that Canada is producing supermen. How can we inculcate in the workers in our fisheries, in our agricultural districts of the eastern provinces, and in the lumbering industries a real love of country, struggling under the difficulties they now have to face when they realize that all this money is being voted out in other directions? We are not opposed to grants to the drought-stricken districts of the west; we want them to be treated in a fair manner; but if things continue the way they are going at present, our people will be driven into an alignment altogether different from what the eastern portion of Canada has ever had before.

There are many other points I wish to refer to which I shall bring up under different items at a later date. All through the session, it seems to me, the east has been practically ignored. I will name two instances now. Recently I gave an interview to a man who I thought was an honoured member of the press gallery—and I have always had a very high respect for the press gallery. He violated the best ethics of journalistic procedure, with the aid of an old and amnesic editor; and the kind of man who can write an article such as appeared the other day, discussing things that had never arisen in this house, typifies the sort of thing which is causing unrest to-day.

I have referred to only a few matters which need our attention. At another time, and perhaps in another place, I shall go further.

Item agreed to.

Battlefields Memorials—further amount required, $10,000.

Mr. STEWART: Has the minister any explanation of where these expenditures were made?

Mr. MACKENZIE (Vancouver): This is in connection with the unveiling of the Vimy memorial in July of last year. When the main estimates were being considered in committee I gave the hon. member for Vancouver North (Mr. MacNeil) full information as to details. There is an actual deficit of $8,839.98, and some accounts yet to come in which will amount to $1,161.02. This provides for that amount.

Item agreed to.

Royal Commission on Anthracite Coal—further amount required, $8,500.

Mr. BENNETT: Will the minister tell us what is the total cost of this commission? I am bound to say that the report is rather disappointing, inasmuch as it did not deal with the importations of anthracite to Nova Scotia from Germany; and several cargoes of German anthracite, sometimes spoken of by vendors as Welsh anthracite,, came in to Nova Scotia to which no adequate reference, in my judgment, was made. It seems to me that the commissioner was largely concerned with one firm and its dealings. I should like to know what the total cost was.

Mr. ROGERS: I have not before me the terms of reference of the royal commission which inquired into the importation of anthracite coal. I do have before me a statement of the expenses, which I take it will cover the particular question asked by the leader of the opposition (Mr. Bennett). The amount voted in the supplementary estimates, 1936-37, was $15,000. As the inquiry proceeded it was necessary to obtain two additional amounts from unforeseen expenses, one of $5,000, and another of $3,500. The present vote is for the replacing of those two amounts taken from unforeseen expenses, a total of $8,500, and the original $15,000, making $23,500 the cost of the commission.

Mr. HARTIGAN: The whole trouble is that coal is made an article of barter in Canada; that is about the size of it. You can bring it in from any country. It is about the easiest thing in the world to import in exchange for Canadian products. But if anybody suggests applying the same principle to wheat he is told: No, you cannot barter with wheat; it must get the highest price in the country. But coal: Sure, trade it and bring it in; we will trade in it with any country. That shows the state the coal trade of this country is in. Our actual and potential coal supplies in Alberta, Nova Scotia, and British Columbia are sufficient to provide all Canada with coal at any time. What would happen under conditions of national emergency, when our supplies of coal from foreign countries would be cut off? A few nights ago an hon. member—I admit he was

on this side of the house—asked why did not Ontario put a duty on coal? Let them pay the duty, he said; at any rate that is what he meant. It is true of wheat and any other commodity that when it reaches a price beyond which it is not profitable to buy, people will purchase wherever they can get it cheaper, and that holds good of coal. But if the long looked for conflict of the nations should take place, if a general conflagation should occur—I do not believe it will—what then of our coal situation? We should have to depend on British Columbia, Alberta and Nova Scotia coal: the shoe then would be on the other foot. Under present conditions it is all very well to bring in supplies from the very country which perhaps might be our enemy in another war—though I do not believe there will be another war. But the trouble is that our policy does not make provision for the absorption of the total Canadian coal production, leaving us free to get any further requirements from outside sources as we need them.

Mr. KINLEY: Is there not provision in the tariff whereby manufacturers in the central provinces get a drawback of 99 per cent of the duty paid on coal which is used for manufacturing purposes?

Mr. CRERAR: If the hon. member is addressing the question to me, this is not my item.

Mr. BENNETT: Under certain conditions.

Mr. KINLEY: Yes, under certain conditions—if the manufactured commodities are exported. In that case there is a 99 per cent drawback of the duty on American coal. I do not believe there is any comparable treatment so far as Nova Scotia coal is concerned.

Mr. HARTIGAN: That is the fly in the ointment. The hon. member knows that there is a qualification and that the coal must be used for metallurgical purposes. But why should that be? Why should we not try to be independent so far as coal is concerned? There is no doubt about it that in the event of war we occupy a strategic position, with the north pole on one side, the Atlantic on the east, the Pacific on the west, and a friendly nation to the south, and we should be foolish if we did not take advantage of our geographical position. Every hon. member will agree with that. Any nation that attempted to violate our neutrality would immediately involve the British Empire in the conflict; and if England did not defend our neutrality, so much the worse for England, not for Canada.

Mr. KINLEY: I was simply trying to help my hon. friend. In my opinion the drawback on coal justifies subventions for the maritime provinces.

Mr. BARBER: Could the minister break down the $23,500 to show salaries and other expenses?

Mr. ROGERS: I have not the detail of that expenditure, but if my hon. friend is anxious to have the information I am content to let the item stand.

Mr. BARBER: No, the minister can give it to me some other time.

Mr. ROGERS: I shall be glad to.

Mr. BENNETT: It is not usual to replace money, taken from unforeseen expenditures, by a vote of this kind.

Mr. ROGERS: Possibly I was at fault in using that language. Actually the money was taken from unforeseen contingencies to meet the additional cost of the commission while the inquiry was proceeding.

Mr. BENNETT: This money is to reimburse unforeseen expenditures which have been accounted for by a return made at the opening of parliament.

Mr. ROGERS: Yes. The notation I have is that the $8,500 is required to replace the amount obtained from the vote for unforeseen expenses.

Mr. BENNETT: The point is that the minister has no right to "replace" it. Unforeseen expenses mean just such expenses as were paid from that vote for this particular purpose; therefore the payment was regularly made, and the report submitted to the house so indicated. This cannot be to replace that money.

Mr. ROGERS: In view of the right hon. gentleman's observation perhaps it would be better to allow the item to stand. The information before me is that this $8,500 is for the purpose of replacing the amount taken from unforeseen expenses, and if that is not correct it ought to be rectified.

Mr. BENNETT: It would be only a matter of properly wording the item, because it is not proper to replace the money if it is validly and legally taken from unforeseen.

Mr. MACKENZIE KING: We might pass the item on the understanding that the wording will be looked into.

Item agreed to.

Post Office—Outside service—Salaries and allowances—further amount required, $185,000.

Mr. LENNARD: What is meant by outside service?

Hon. J. C. ELLIOTT (Postmaster General): This is part of vote 275 which amounted to something over $16,000,000. The payment for March for these various services includes city offices, railway mail service, and district offices; and the shortage occurs almost wholly in city offices where postal clerks and letter carriers are engaged on continuous service Saturday afternoons and holidays. This is the $185,000 to which I referred, when the coming year's estimates were before the house, as being necessary to pay the extra help for the Christmas rush and to make up overtime up to March 31.

Mr. LENNARD: The member for Broadview this afternoon asked whether the letter carriers would be obliged to make deliveries on Good Friday. Can the minister answer that question now?

Mr. ELLIOTT (Middlesex): The statement I gave when we were considering the main estimates is the best I can do in that regard. It must depend on the requirements of the service. The order for providing service on holidays stands, and that service will be given on Good Friday unless, in the opinion of the postmaster, the mail can be cleared without the full service. But the mail must be cleared. There is and has been for years discretion in the postmaster as to just how much service shall be required.

Mr. LENNARD: I understand that the purpose of this innovation was to create positions for additional employees in order to relieve the unemployment situation.

Mr. MacNICOL: Only the Liberal unemployed.

Mr. LENNARD: I do not know about that, but if the department wishes to carry on and employ more men I suggest that it can do so in a far better way by improving the service in the outlying districts. I know of certain outlying districts in Hamilton, Ontario, where they get one delivery a day, and then the mail is two or three days old before they get it. It is very unsatisfactory. Then take Mount Hamilton in Hamilton. They have no parcel delivery, merely because, I believe, the regulation provides that if there is no delivery within a quarter mile of the last house on the outskirts of the city proper, that service is not allowed. It is ridiculous. There is a great section of the city of Hamilton on the mountain deprived of parcel delivery service. I think the minister would do well to take this matter up and see if something can be done.

Mr. ELLIOTT (Middlesex): That occurs in practically every city, and must occur until the houses are numbered and the population becomes more thickly settled. But it is receiving attention.

Mr. LENNARD: But they have no parcel delivery service there. The houses are numbered. This is something the government of the day should remedy. It is a hardship. These people are paying taxes and they should have this service.

Mr. ELLIOTT (Middlesex): What is being done here is a step in the direction of improving the postal service throughout the whole of Canada. We are every day receiving requests, many more than it is possible to grant, but we are endeavouring as far as can be done within a reasonable increase of expenditure to give to the cities and towns, and the rural parts as well, the best service that can be given.

Mr. CLARKE (Rosedale): What proportion of this $185,000 is being expended in the city of Toronto in temporary employment of Christmas rush men?

Mr. ELLIOTT (Middlesex): I do not think I can give those figures accurately. I can get it for my hon. friend if he wishes it. The total amount expended on the Christmas rush depends upon the amount of extra work to be taken care of in the different cities. In Toronto for the December delivery the amount of mail to be handled was $153,289 more for that one month than it was for the same month two years ago. Perhaps that will give my hon. friend an idea of how it is divided.

Mr. CLARKE (Rosedale): Very good, but a short time ago I inquired for the names and addresses of the temporary employees in Toronto for the Christmas rush. I again appealed for those names about a week ago, and the minister promised them within a few days. Probably some of this money is for the cost of compiling this data for me; is it?

Mr. ELLIOTT (Middlesex): No, that has to be done by us.

Mr. CLARKE (Rosedale): Well, I hope the minister will have the names and addresses for me soon.

Mr. ELLIOTT (Middlesex): I am sorry, but I sent the full list to my hon. friend this afternoon. If he did not get it I regret it.

Mr. CLARKE (Rosedale): Thank you very much.

Mr. MacNICOL: What is the present status of the results of the examinations held on November 21 for additional employees for the postal service? I recollect that when the minister's estimates were up before, he told us he had put on a considerable number of temporary employees at Christmas, and that they would probably remain on until I think about the end of March.

Mr. ELLIOTT (Middlesex): Until the new eligible list is prepared. That was expected about the first of April.

Item agreed to.

Transport—Chargeable to capital—River St. Lawrence ship channel dredging—(a) to provide for contract dredging in the St. Lawrence river and Montreal harbour—further amount required, $117,563.21.

Mr. STEWART: Could the minister explain this item, how it arises and whether there has been any change in the matter?

Mr. HOWE: This is the final estimate on two old contracts. The larger is a contract dated May 30, 1930, for dredging between the upper end of Longueuil shoals, Montreal harbour, and Ste. Croix, $112,343.21. The work was completed just at the close of navigation in 1935. As my hon. friend knows, on a large contract of this kind before the final estimate is passed it is necessary to make a complete survey of the area and check up all the progress work. That work was completed last season, and this item is put in to cover it.

The other is a similar situation having to do with Barre à Boulard at the lower end of lake St. Peter. That amount is $5,220. It is the final estimate on a contract that was placed in 1934.

Mr. TOLMIE: What is the depth to which the St. Lawrence is dredged?

Mr. HOWE: We now have a 35 foot channel from the harbour bridge in Montreal to the sea at the 1934 datum, which is practically the lowest water we have had in the river for some years. That channel is completed except for certain work in Montreal harbour which is still continuing.

Mr. TOLMIE: How high up is it affected by tides?

Mr. HOWE: My impression is that it is nearly to Montreal harbour.

Mr. STEWART: About Three Rivers.

Mr. MacNICOL: Has this work or similar work to be done every year at the same sections of the river and harbour?

Mr. HOWE: No, this is work which was completed in 1935. This is just measuring it up.

Mr. MacNICOL: The reason I ask is that we passed an item earlier in the session for approximately $2,000,000, I believe, which had I think the same title.

Mr. HOWE: The item for $2,000,000 was for the current season's dredging. Practically all that dredging is in Montreal harbour, and the purpose is to bring Montreal harbour to the 35 foot depth which is maintained in the channel below Montreal.

Mr. MacNICOL: As an engineer, is the minister satisfied that the proper way to keep the depth of the channel in the St. Lawrence below Montreal to what it should be is continually to dredge the channel? A number of engineers are beginning to think that some other system should be adopted. It is the opinion of some that the deeper the channel is made, the faster the water runs away, and that it will require constant effort to keep the channel open.

Mr. HOWE: The work being done both under this and the $2,000,000 item is a program started some years ago, and it is practically being finished. An interdepartmental report has been prepared and will be available very shortly giving a program for the future, and I am sure my hon. friend will find some information there.

Item agreed to.

Naval Service—To provide for the maintenance of the ships and establishments of the naval service, including the Royal Canadian Navy, the Royal Canadian Naval Reserve and the Royal Canadian Naval Volunteer Reserve—further amount required, $2,201,000

Mr. MACKENZIE KING: This item was held over to meet the convenience of the right hon. leader of the opposition. Would it be convenient for him to proceed with it now?

Mr. BENNETT: I remember that the minister said it would be quite satisfactory if it stood until to-morrow, and in view of the time of night perhaps that would be better.

Mr. MACKENZIE KING: Very well.

Item stands.

DEPARTMENT OF LABOUR

Labour—Grants in Aid—Amount required to provide for monthly grants in aid to the provinces—further amount required, $2,929,773.97.

Mr. HARRIS: Mr. Chairman, this item reads: "Labour—Grants in aid—Amount required to provide for monthly grants in aid to the provinces—further amount required, $2,929,773.97." I presume this amount is intended to cover projects designed to give a very considerable amount of work, and that the minister has such projects under consideration.

I should like to take a few minutes to present to the minister and the committee a project which will do a great deal to relieve unemployment in an area comprising the eastern part of the city of Toronto, and more particularly the townships of Scarborough and East York. The hon. member for East York (Mr. McGregor) has brought this matter to the attention of the Minister of Labour on several occasions and also has been good enough to attend with me before the railway commission in this connection.

The township of Scarborough has made application for an order of the board directing a grade separation where the Canadian National railway intersects Victoria Park avenue, which avenue is the town line between the corporations of Scarborough, Toronto and East York, in the county of York.

Under the system of grants in aid it is possible, as I view it, with the approval of the province concerned, to earmark or direct for certain specific work a portion of the grants in aid provided. The plea that is made by the municipalities to the province, and in turn to the minister and the Department of Labour, is for approval of grants in aid being used to pay relief labour in order to carry out certain projects in certain areas. I have reference to judgment No. 26765152 of the board of railway commissioners. It is now pending further consideration, waiting for the township of Scarborough, which made the original application, and the township of East York to come to some agreement with the dominion and provincial governments with regard to obtaining a reasonable contribution for relief purposes. As soon as that contribution is arranged, the railway commission say that the application will be further considered. That establishes the basis.

Now I want to point out the importance of the elimination of this particular hazard. It has been before the municipal bodies and the board of railway commissioners ever since I have been in the House of Commons and for perhaps ten years previous, but to indicate the seriousness of the matter I will go back to 1927, at which time there was a very serious accident at this crossing in which several lives were lost. At that time the township of Scarborough applied to the board for an order, pointing out that traffic on this avenue at this intersection is heavy, that seven or eight tracks have to be crossed, and that the protection afforded at that time was nil. In 1927 a census showed that in a twenty-four hour period 2,069 horse-drawn vehicles, motor cars, motor trucks, bicycles and pedestrians crossed at that point. Another census taken in 1930 showed that this number had risen to 3,346, while in 1936 it had increased to 5,058. In the last census it was shown that during the day time the average number of crossings was 300 per hour, while at night the average was 100 per hour.

With these figures in mind, Mr. Chairman, I think the Minister of Labour and the committee will be seized of the importance of affording protection at this crossing, and I think the present time is very opportune for that action to be taken. The railway commissioners still have the matter under consideration, and are just waiting for one point to be cleared up. The townships of Scarborough and East York are not able to put up their portion of the cost, and the board is waiting for the townships to secure a reasonable contribution for relief purposes, at which time the application will be further considered.

In 1930, when the previous application was made, the commissioners concluded that it was a very dangerous crossing and ordered that a watchman with a stop sign be placed there, the cost to be distributed as follows: the railway company, 55 per cent; the city of Toronto, 15 per cent; the township of East York, 15 per cent, and the township of Scarborough, 15 per cent.

A subway was not ordered at that time because the Canadian National had under consideration moving the yards at Danforth station some four or five miles further east, and in fact had made a large expenditure clearing some two or three hundred acres preparing for the removal of those yards. The railway company said that probably this would eliminate the need for so many tracks at this point. But this project has been abandoned, and no doubt the tracks will remain where they are for many years to come. It is quite possible that the engineers may point out that only six of these tracks are really necessary. At the same time I should like to say that there is a very heavy grade on the railway track itself at this point. The order of 1930 directed that westbound trains must slow down to ten miles an hour

at this point, but because of the heavy grade it is almost impossible for those in charge of the trains to slow down to that speed. I venture the opinion that every second train passes that crossing at double the speed of ten miles an hour.

In addition, Mr. Chairman, since 1930 there has been established just to the north of this railway crossing a market place known as York market, which serves some fifty thousand people living to the south of the railway crossing, many of whom go to that market two days a week. To the south of the crossing there is a very large collegiate institute, one of the best in the city of Toronto, with a school population of over two thousand. A large number of pupils from the school have occasion to cross the same level crossing.

I should like to put on record that the nearest crossing in that thickly populated portion of Toronto, and the suburban districts of Scarborough and East York, is an overhead bridge about half a mile to the west, and another small subway about half a mile to the east. Victoria Park avenue is the natural outlet for a heavy stream of traffic. It is the outlet for a population close to 100,000 people who may wish to get to No. 2 highway, one of the main highways leading in and out of the city of Toronto, and also for those who wish to get to highway No. 7, which serves the people who choose that route. The increase in traffic has naturally increased the hazard, and to such an extent that the Minister of Railways and Canals of a previous government viewed the crossing. The railway commissioners and their engineers have been there, and their considered judgment is that even with the stop sign throughout the day and the man with a lantern at night, something more is needed. The watchman on duty at the time of the board's visit stated there had been no serious accident since 1927. But the opinion was given by the railway board:

> That the frequency of train movements over the crossing, together with the heavy traffic upon the highway, constituted a dangerous condition which might prove to be beyond the power of a single watchman to overcome.

The condition is there.

The possibility of eliminating the hazard is now available in view of the vote before us. When the order comes down there will probably be a request for 15 per cent from Scarborough and 15 per cent from East York, making a total contribution of 30 per cent. Even though these two townships are not in a position to finance their portion of the work, I do not know of any other townships in the dominion which, in view of the great numbers of unemployed on relief rolls, could put a relief expenditure to better use.

The cost of the steel work in connection with the elimination of the crossing is estimated at $44,000; the concrete work at $70,000; the sewers at $20,000; the pavements at $6,000; the work in connection with tracks and trestles while building is in progress $42,000; sidewalks $3,000; replacing telephone wires $5,000; making a total cost of $250,000.

A great deal of the concrete work which would be done to the extent of $70,000 could be done by relief labour. In like manner, much of the excavating, to cost $20,000, could be done by relief labour, thereby taking unemployed off the relief rolls. The work on sewers, pavements and sidewalks to a great extent could be done by relief labour. To my mind it would be possible through those elements of cost to absorb the entire 15 per cent requirement, or whatever the requirement may be, when the judgment of the railway commissioners is put into the form of an order. The work I have outlined will be for the benefit of all those concerned. The money from these grants in aid would be for a useful purpose and would take off the relief rolls those of our citizens who, wanting work, have not been able to get it. It would be a real service to Scarborough township, East Toronto and East York, a real service to the unemployed—and a hazard would be eliminated.

The minister has had many representations from the hon. member for East York (Mr. McGregor), in which I have had the privilege of joining. I indicated to the minister my desire to speak at this time, and if he would be good enough to make a statement which would help in any way to bring about an early consideration of the matter by the board of railway commissioners, so that the judgment might be changed to an order, he would be doing a real service for all parties concerned. Would the minister be good enough to make one or two observations?

Mr. ROGERS: Mr. Chairman, the matter to which reference has been made by the hon. member for Danforth (Mr. Harris) has been brought to my attention on a number of occasions. Scarborough is not the only municipality which is interested in obtaining assistance which would enable it to take advantage of funds which might be made available under the railway grade crossing regulations. As the hon. member was proceeding I thought that if he could speak with the same conviction and persuasiveness before the railway board, we might have to provide much less by way of grant in aid for the purpose he has in view.

Mr. HARRIS: But he is not a lawyer.

Mr. LAWSON: You do not have to be a lawyer to appear before the railway board.

Mr. ROGERS: The question of what could be contributed from a grant in aid does raise some difficulty. At present I am not in a position to say it can be done. I will say, however, that it is the subject of discussion between the federal Department of Labour and the Department of Labour in Ontario. I agree entirely with the view that if a particular portion of the grant in aid is paid out in a particular municipality, it is desirable that so far as possible the money should be used for the payment of wages on worth-while work.

Mr. HARRIS: Hear, hear!

Mr. ROGERS: I am entirely in agreement with the hon. member on that point. Perhaps he will understand that I cannot go further at the present time.

Mr. PERLEY (Qu'Appelle): What portion of the grant goes to Saskatchewan, and is any portion for the farm placement scheme? It would be interesting if the minister could give us figures in connection with the operation of the scheme in Saskatchewan.

Mr. ROGERS: First of all, this particular amount is in excess of the vote approved at the last session for grants in aid to the provinces. I have not the precise allocation, provincially, of the excess amount. However, I can give the hon. member the distribution by provinces of grants in aid in the past year.

Mr. BENNETT: Does that include this amount?

Mr. ROGERS: Yes. The distribution will be as follows:

Prince Edward Island	$ 35,086 47
Nova Scotia	660,450 00
New Brunswick	412,781 25
Quebec	8,255,625 00
Ontario	9,906,750 00
Manitoba	2,229,018 75
Saskatchewan	3,302,250 00
Alberta	1,651,125 00
British Columbia	2,476,687 50
Total	$28,929,773 97

That includes the additional amount. May I say, further, that this does not include what is to be paid out under the farm employment plan. There was a special item of $1,000,000 in the estimates of last year for that purpose. The latest figures I have show that 23,058 were placed in the month of February in Saskatchewan. This does not necessarily mean that this number of unemployed single persons are now upon farms; that is the number of placements made in the province to date.

[Mr. Harris.]

Mr. PERLEY (Qu'Appelle): This amount is in addition to what was passed last year in the supplementary estimates?

Mr. ROGERS: That is correct.

Mr. PERLEY (Qu'Appelle): The total figure was something over $28,000,000?

Mr. ROGERS: That is correct.

Mr. PERLEY (Qu'Appelle): By any chance would that be the amount referred to in an announcement made last year just after the session closed? I think the house prorogued on June 23, and the Regina Leader-Post of July 2 contained the following headline:

$30,000,000 Works Plan Announced. Agreements with Provinces made, Rogers Declares

The article goes on to state that this amount is in addition to the $40,000,000 voted in the supplementary estimates.

Mr. ROGERS: That amount was not included. The hon. member is referring to the amount of the dominion-provincial joint works program.

Mr. PERLEY (Qu'Appelle): When I read in the Leader-Post that an agreement had been made with the provinces just six or seven days after the house prorogued, I took the liberty of writing to the private secretary of the minister in the following terms:

Would it be possible for you to furnish me with a copy of the contract entered into between the dominion and the provincial government of Saskatchewan covering this year's road work under the relief measure or any other arrangement that has been made between the two governments?

I received a reply from the minister acknowledging receipt of my letter and stating:

The agreement you refer to has not yet been ratified by council and therefore I am not in a position to give you the details you ask for, but in any event the provincial authorities will be able to give you the exact details of the work they intend to do with the assistance of the contribution which the dominion government is to make under the terms of the agreement to be entered into, and I would, therefore, suggest that you communicate with the provincial minister of highways, the Honourable Charles M. Dunn, who, I am sure, will be pleased to forward you the information you require.

I then wrote to the provincial minister of highways stating that I had noticed this announcement of a further program of $30,000,000. I told him I would like to know what portion of the $30,000,000 the province of

Saskatchewan was likely to receive and upon what projects that money would be spent. I received the following reply:

In reply to your letter of July 27, I may say I noticed the article to which you refer in the Leader-Post. We only have the one agreement with the federal government and there was no additional work planned, which was announced to us, other than what we saw in the newspaper.

When this item came up I thought possibly it covered the amount mentioned in the newspaper article. Having seen that announcement so soon after the house prorogued I was quite interested. The information I received is covered by what I have given to the committee. The minister now states that no portion of this will be used for the farm placement scheme.

Mr. ROGERS: That is correct.

Mr. PERLEY (Qu'Appelle): We will have an opportunity to discuss this matter when the special supplementaries are before the committee.

Mr. ROGERS: There will be an item under which full discussion may occur.

Mr. DOUGLAS: Is the amount mentioned by the minister as having been granted to Saskatchewan, over and above the two items appearing on page 5 under governor general's warrants and totalling a little over twelve million dollars?

Mr. ROGERS: Yes. I think my hon. friend is referring to the amounts made available in the drought area.

Mr. DOUGLAS: This is for direct relief?

Mr. ROGERS: Direct relief in the drought area.

Mr. HEAPS: This amount of almost three million dollars is the amount which the department estimated would be required for unemployment purposes during the last fiscal year?

Mr. ROGERS: I do not think that is an unfair way of expressing it. When the estimate was made I do not think I gave the house to understand that it was possible to forecast with exactitude the amount that would be required during the coming year. When relief grants are adjusted quarterly it requires a measure of foresight in the prediction of economic recovery. For example, the drought conditions affected not only the drought areas but created a situation in the cities of the western provinces which we did not anticipate at the time. The estimate was made of the amount which would be required for grants in aid under conditions then existing.

Mr. HEAPS: How does this amount compare with the estimate for the previous year?

Mr. ROGERS: I have not the actual figures here, but it is considerably in excess. If my hon. friend will put that question to me when the special supplementaries are before the committee, I shall be glad to answer it.

Mr. MASSEY: Further to the remarks that were made so ably by the hon. member for Danforth (Mr. Harris), and the reply thereto by the minister, I should like to say a word or two. The minister stated that the purpose of this vote is to provide work.

Mr. ROGERS: For relief purposes.

Mr. MASSEY: I should like to direct attention, not only to the Victoria Park avenue level crossing, but to the level crossings at Jones avenue, Greenwood avenue, and Woodbine avenue in the city of Toronto. If these level crossings are to be eliminated it will be necessary to do a considerable amount of work before the actual construction is commenced. In other words, there are physical difficulties in the way of constructing the separations at these three points. Would it not be possible to earmark a portion of this vote for these purposes? A certain amount of preparatory work requiring unskilled labour could be done now under these grants. The same procedure could be followed in connection with certain harbour improvements and the much discussed Toronto airport, but I am particularly interested in the three grade crossings mentioned. Perhaps I may be somewhat out of order in bringing up this matter at this time, but considerable valuable and profitable relief work could be done in this connection, and I ask the minister to consider the matter when dealing with these grants in aid.

Mr. McLEAN (Melfort): Is not much of the increase in this amount to which the minister has referred due to the increase in grants brought about by climatic and other conditions?

Mr. ROGERS: No, I do not think that would be a correct statement of the situation. The grants are made in lump sum payments to the provinces, those grants being the same for each quarter unless there has been some adjustment for the ensuing quarter. They are not affected actually by changes in relief scales. If my hon. friend asks whether the grants to the provinces this year have been in excess of what they were last year, the answer is that they are in excess. This does not mean that there has been an increase in the number of unemployed people;

it means that we have taken a larger share of the total cost of relief at a time when the municipalities and some of the provinces are in a position of very grave financial difficulty.

Mr. McLEAN (Melfort): But in addition to that, have not the individual grants to individual people been increased considerably in the past year?

Mr. ROGERS: In some provinces that has been the case, but the dominion Department of Labour has never, to my knowledge, interfered directly in relief scales: that is a matter that is left entirely to the provinces and the municipalities concerned.

Item agreed to.

Deficit of Canadian National Railway company—

Additional amount, in excess of the sum of $39,900,900 already appropriated to be paid from time to time under such conditions as the Minister of Finance may prescribe, to the Canadian National Railway company (hereinafter called "the National Company") and to be applied by the National company in payment of the net income deficits arising in the calendar year 1936, including such supplementary contribution to The Intercolonial and Prince Edward Island Railways employees' provident fund as may be necessary to provide for payment in full of monthly allowances under the provisions of The Intercolonial and Prince Edward Island Railways employees' provident fund act, notwithstanding the limitation contained in section four of the said act, and including such supplementary contribution to the Grand Trunk Railway of Canada superannuation and provident fund as may be necessary to enable payment to be made of monthly allowances under the rules and regulations of the fund, notwithstanding the limitation contained in section thirteen of chapter sixty-five of the statutes of Canada, 1874, and including profit and loss but not including non-cash items and interest on Dominion government advances, of the National Company or of any other or others of the companies comprised in the Canadian National Railways (as defined in chap. 10 of the statutes of Canada, 1929) or any company controlled by stock ownership or otherwise by any company comprised in the Canadian National Railways or by the National Company in respect of any of the Canadian Government Railways entrusted to the National Company, $3,403,393.82.

Mr. GREEN: May I ask the minister what his intentions are with regard to the Canadian National hotel in Vancouver? This hotel has been standing uncompleted for many years, and there is a great demand in the city that it should be opened. I should like to know what the government intend to do about the hotel. I believe it is the only one of the Canadian National system that has not been opened; it cost many millions of dollars, and is just standing there as a monument.

An hon. MEMBER: Of what?

[Mr. Rogers.]

Mr. HOWE: I can assure my hon. friend that the directors of the railway are giving this matter their earnest attention. I assume the fact that work has not been restarted is an indication that they do not believe the position justifies immediate action, although a little work is being done on it this year. But if general conditions improve and revenues rise we will hope that the directors of the railway will see their way to complete the building in due course.

Mr. GREEN: The directors have been considering the matter for a year, and they should soon come to some decision about it. Approximately how much money has been spent on the hotel, and what will be the cost of completing it?

Mr. HOWE: The directors have been considering the matter for six years, and they are just about as far ahead this year as they were in the preceding five.

Mr. BENNETT: Oh no.

Mr. HOWE: The amount of money spent to date is about $8,000,000. The amount required to complete it is about $2,500,000.

Mr. STEWART: This, I take it, is in addition to the amount that was voted last year to cover the deficit.

Mr. HOWE: Yes.

Mr. STEWART: What does that make the total? I see it is mentioned in the item.

Mr. HOWE: $43,303,393.82.

Mr. CRERAR: It is that amount added to $39,900,000.

Mr. STEWART: I suppose this money has been advanced to the railway in the meantime?

Mr. HOWE: I believe it is being financed temporarily out of the working capital. It requires to be financed as against last year's operations.

Item agreed to.

Write down of assets—

To authorize—as the dominion's contribution to a program of adjusting the indebtedness of farmers living in the drought area of the province of Manitoba which program has been sponsored by the government of the province and involves appropriate adjustments in debt or tax claims on the part of the provincial government, the municipalities and certain mortgage lending institutions—the writing off and cancellation of certain treasury bills of the province held by the dominion, provided (1) that said treasury bills be transferred in the books of the Department of Finance from "active assets" to "non-active assets" as at March 31, 1937; (2) that final writing off and

cancellations of said treasury bills be subject to the approval of the governor in council and in accordance with such terms and conditions as he may approve, including the nature of the evidence to be submitted as to the adjustments made by the provincial government, the municipalities and the mortgage lending institutions aforesaid; and (3) that the amount of treasury bills to be written off and cancelled shall not exceed the amount advanced by the dominion government to the provincial government by way of loan to assist in financing expenditures incurred for relief, seed grain and seeding purposes in the said drought area during the period from May 1, 1931, to January 1, 1935, and shall not in any case exceed in the aggregate the sum of $804,897.02.

Mr. BENNETT: I think, Mr. Chairman, we are entitled to a very complete explanation of this item. This involves the Dominion of Canada writing off $804,000. The next item is nearly $18,000,000. It represents promises to pay given, in this case, by the province of Manitoba to the dominion for money loaned to it and for which it gave its treasury bills. The item contemplates the removal of that amount from our active asset column to our non-active assets, but in reality it means that we are writing it off altogether. I think some very reasonable explanation should be given why the dominion which, on the promise to pay with interest, advance in good faith sums of money for which it has a claim to reimbursement certainly in respect of certain moneys paid to the provinces outside of the initial subsidy altogether, should treat two provinces in this way when a third province is getting nothing. So far as this resolution is concerned, the province of which I happen to be the only representative on my side of the house is the only province of the three that is getting nothing at all in the form of an allowance being made on account of its debt to the dominion. There certainly should be some explanation given, first as to the circumstances which warrant such action being taken, the releasing, that is, of our debtor from the payment of his debts; and second, why two provinces are selected for such treatment and the third is left out altogether.

Mr. MACKENZIE KING: We might let these two items stand until to-morrow. Perhaps my right hon. friend would be willing to allow us to finish the governor general's warrants.

Mr. BENNETT: I think it will probably involve some little discussion. Perhaps I might outline what I desire to have an explanation of in connection with the governor-general's warrants.

Mr. MACKENZIE KING: Let us take an item that we can pass.

Item stands.

Governor general's warrants 1936-37—To provide additional amount for Stewart and Yukon Rivers—Improvements (governor general's warrant of July 23, 1936), $4,500.

Mr. BENNETT: Here is an instance where it is reasonable for me to refer to the statute:

25. (1) If, when parliament is not in session, any accident happens to any public work or building which requires an immediate outlay for the repair or renewal thereof, or any other occasion arises when any expenditure, not foreseen or provided for by parliament, is urgently and immediately required for the public good, then upon the report of the minister that there is no parliamentary provision, and of the minister having charge of the service in question that the necessity is urgent, the governor in council may order a special warrant to be prepared, to be signed by the Governor General for the issue of the amount estimated to be required, which shall be placed by the minister to a special account, against which cheques may issue from time to time, in the usual form, as they are required.

(2) The authority to make expenditure under such warrant shall lapse and any unexpended balance be written off at the end of the fiscal year in which the warrant is given: Provided that during a period not exceeding thirty days subsequent to the end of the said fiscal year, issues out of the consolidated revenue fund may be made for an amount or amounts not exceeding the amount of the expenditure authorized by the said warrant, for the purpose only of discharging any debt properly incurred and payable prior to the end of the said fiscal year, which may be outstanding and chargeable thereto and which for good reason was not paid within the said fiscal year, and such expenditure may be charged in the accounts of the said fiscal year.

That is section 5 of chapter 27 of the Statutes of Canada, 1931, the Consolidated Revenue and Audit Act.

The first of the governor general's warrants is the one to provide for improvements on the Stewart and Yukon rivers. That can hardly be said not to be foreseen. It is certainly not provided for by parliament, but parliament did provide a sum of money for that particular service.

The statute further says that only such sums can be paid during the fiscal year as parliament has provided for—I will, perhaps, read that later. What I should think we are entitled to is an explanation why this form of blank cheque should be thrust upon us. Here we have a complete reversal of policy; here we have blank cheques issued for every form of activity that was contemplated by the relief act to the extent of twelve millions of dollars, covering improvements to a river in the Yukon, payments to enable the annuities act to be administered—running the whole gamut from the Yukon to annuities—relief expenditures and assistance with freight

charges on cattle and feed—all the very payments that used to be made under the provisions of the statute that authorized the executive to do it, and now steps are being taken to do it under section 25.

The Prime Minister used to say that he suggested these might be done by governor general's warrants. It is true we might have done it by governor general's warrants, but in that case there was no authority except the general authority, and it was necessary to satisfy the governor general that it was (a) unforeseen or (b) it was not provided for by parliament. Now parliament does provide for these things; the only thing is that it did not provide enough, though it cannot be said that in some of these cases the expenditures were unforeseen. The result is that we have, by the operation of this section, a complete disregard of treasury control, about which my right hon. friend used to talk so severely to his predecessors in office. I am not for a moment saying that he was not warranted in lecturing them; I am merely endeavouring in this instance to point out that the course pursued is one which is wholly at variance with what was expressed in days long since forgotten by my right hon. friend who is now leading the government.

Mr. MACKENZIE KING: With all due respect to my right hon. friend, there is a great difference.

Mr. BENNETT: I expected that the right hon. gentleman would say there was a difference.

Mr. MACKENZIE KING: When my right hon. friend was in office we asked that he give to the house at least some idea of the expenditure he proposed—how monies would be used, in what specific way—and we indicated our willingness to vote what was necessary to meet specific expenditures. We never expected him to be able to anticipate things that were wholly unforeseen. It was with respect to anything wholly unforeseen but which nevertheless would be urgent and immediate that we stated that governor general's warrants could be used. For example, if my right hon. friend had asked for several millions for unemployment relief, which amount had been appropriated for the purpose, and had then encountered, as the present administration has encountered this year a drought situation in Saskatchewan, Alberta and Manitoba, we should have felt that he was justified in using governor general's warrants to meet expenditures in connection with such a totally unforeseen condition.

[Mr. Bennett.]

What we complained of was that he sought to avoid all specific appropriations and to make all expenditures out of a blank cheque.

Mr. BENNETT: All relief expenditures.

Mr. MACKENZIE KING: Well, all relief expenditures. We thought that he should have asked the house for at least some specific amount for relief; an amount voted on an estimate which in his opinion would represent what was necessary, and that he should have supported his estimate by reasons for the particular sum being placed at the figure it was. I recall quite well mentioning to my right hon. friend as a case in point the practice followed by Sir Robert Borden during the great war. Sir Robert could not say how many millions would be required for certain purposes, but he formed an estimate which he submitted to the house, and the house voted the required amounts for specific purposes based on the estimate given.

Mr. BENNETT: He could make such an estimate, knowing how many men there were and how much per head it was likely to be.

Mr. MACKENZIE KING: He did so to the best of his ability and I am sure that my right hon. friend, with his ability, could have formed an estimate that would have been fairly exact; and if after doing his best he had encountered some unforeseen disaster we should have been glad to help him out.

Mr. BENNETT: It is pleasant to hear the right hon. gentleman say that after the event. I realize that experience has taught him what we learned during five years. What we learned in those five years he is now learning. But there could not be a better answer than is provided in this very document. We have $12,500,000 provided by governor general's warrants for expenditures which it is said could not have been foreseen nor provided for by parliament. Certainly that statement does not apply to all of them. The second one is a legitimate and proper use of the power—the necessity for dealing with a fire. But when it comes to providing by governor general's warrants for the expenses of the royal grain inquiry, in the light of a report from a special committee and the fact that it was known that an inquiry was to be held, obviously indicating what was involved, we find $103,000 provided on November 18, 1936, for that very purpose, and I do propose to ask with respect to this what sums have been spent, seeing that we are now at the end of the fiscal year. There is no doubt about it that item 400 would be difficult to justify under the statute—

Mr. MACKENZIE KING: I think I can explain that.

Mr. BENNETT: —in this sense, that it was known that this is coronation year and that an extraordinary strain would be put upon the high commissioner's office. The one with respect to the textile industry can hardly be justified for the simple reason that the commission was even then making copious extracts from Adam Smith's Wealth of Nations, while the learning of John Stuart Mill was also being invoked. Under these circumstances it is a little difficult to understand why we should have a governor general's warrant for these particular expenditures. That, I suggest, will be found to be at variance with the practice to which the right hon. gentleman has properly referred. With respect to the provision of an additional amount for the administration of the Annuities Act, it would be stretching a point to bring that within the provisions of the section. That is a clear case in which parliament is supposed to have provided for the public service. Indeed, I have known the service stopped because there was no money, on the ground that you could not possibly secure money for such purposes by means of governor general's warrants.

I have discussed this at length because it constitutes an appropriation of public moneys by the executive without reference to parliament, and the expenditures can be made within the fiscal year. It is true that this day week no more money can be spent out of these grants, and the amount that has been legitimately expended up to that time has to be accounted for inasmuch as it must be kept in a special account, and the comptroller and the auditor general will take care of that.

The fact is that a substantial number of these cannot on principle be justified as a proper exercise of the executive power in connection with money grants without the consent of parliament, except retroactively given. Not as unforeseen or unprovided-for expenditures, we are voting at least $12,500,000. Even the large items, which alone amount to $12,000,000, it would be difficult to say were not to some extent foreseen, for when this house rose in June, or shortly after, when I crossed the prairies it was apparent that more money would have to be provided for relief purposes, though no one could have foreseen when this house rose that any such large sum as $12,000,000 would be required for that purpose. I think that is clear, and I agree that to that extent it is a valid exercise of the power. But having looked at the orders in council, I doubt whether it can be said that they constitute the proper procedure for the valid exercise of the power, because the estimates are of such a character as to involve an appropriation which is vastly greater than one would contemplate from the details given, especially having regard to the fact that these are to be kept in a special account and that ultimately the auditor general and the comptroller of the treasury must account for them. The statute itself, of course, provides that nothing in it shall release either the minister or the deputy minister of responsibility with respect to any negligence or otherwise in the discharge of their duties.

I have gone into the question at this length because it involves a principle which, as I remember, the right hon. gentleman used to say it was highly important that we should keep in mind.

When you come to the question of the appropriation of moneys, it was never intended that the executive should make an appropriation unless there was clear authority granted by parliament for the purpose. When the power was conferred upon the executive with respect to relief matters, I pointed out then, as I do now, that I could not indicate within millions of dollars what would be required. And it is clear that we were right in that view, for here we find $12,000,000 odd required because of the drought between the time parliament rose in June and a few weeks later. Here is $12,000,000 applied by executive action for a particular purpose. If I, standing in my place, had suggested that this sum would be required, I fancy I should have been laughed at, and so would anyone last year who might have ventured in the month of May to suggest that $12,000,000 would be required for relief in consequence of a crop failure. At that time people believed that a crop was certain.

I mention this because it involves a principle which I should not like to see adopted any more than is necessary, while I am the first to admit that if the necessity is urgent, and it comes within the provisions of the statute the power must be exercised. The limitations upon the exercise of the power I think sometimes have not been carefully studied, for I recall that the first time a governor general's warrant was issued by the late administration I sent for the auditor general and had some difficulty in inducing him to believe that this had to be kept in a special account. He said it had not been done. I replied: All I can say is, there is the statute that requires it to be kept in a special account against which cheques will issue only under certain circumstances and conditions. It is that particularity that parliament has placed in the

statute that necessitates very strict observance, because it departs from the parliamentary principle of which the right hon. gentleman always used to remind us, namely, that the executive does not make the appropriations—parliament makes them. And a retroactive validation of an executive appropriation is not consonant with the rules that govern the appropriation of the money of this country.

Mr. MACKENZIE KING: I do not wish to take any exception to my right hon. friend's statement of the importance of surrounding the resort to governor general's warrants with the greatest caution possible. I agree entirely with all that he says about the great care that should be exercised in the use of governor general's warrants. But may I point out that while my right hon. friend has drawn the attention of the committee to the fact that the total amount spent under governor general's warrant as here set forth is $12,540,300, of that amount $12,240,000 is for two items only, and each of those items is concerned with the drought in Manitoba, Saskatchewan and Alberta, which could not possibly have been foreseen. We could not have asked parliament at the last session to vote anything for a drought likely to occur in the summer, and which did occur in the summer months. When the drought actually occurred we estimated the amounts here set forth as about what would be required. The estimate was made in September and October of last year; the actual expenditures I am told have just about equalled the estimate. We figured as closely as possible to meet the situation. I do not think my right hon. friend will take exception to our using governor general's warrants for the purpose of meeting the drought situation. There was no other way to meet it short of calling parliament. I am prepared to support very strongly the use of governor general's warrants in such circumstances as coming exactly within the provisions of the statute.

Mr. BENNETT: I admit that.

Mr. MACKENZIE KING: My right hon. friend says he admits that. That leaves in all only some $300,000 additional, for which governor general's warrants may issue. Of that amount my right hon. friend says that what was used for fighting forest fires, $40,000, was quite proper. I think he is right in that. Equally proper was the amount of $4,500 additional for the Stewart and Yukon river improvements, to which he took exception, because that amount was for floods, which could not be foreseen. We would not have been justified in asking for that appropriation at the time of securing the original appropriation any more than our neighbours on the other side of the line would have been justified in anticipating the volume of the recent floods on the Ohio and the Mississippi.

My right hon. friend referred to the expenses on account of the high commissioner's office, and said we might have foreseen the coronation expenses. The expenditure had nothing to do with the coronation. The expenses there were in part incidental to the Vimy pilgrimage. The pilgrims visited London, were there some days, and there were expenses in that connection which the high commissioner's office had to meet. Then my right hon. friend's friend who had been high commissioner in London had returned to Canada. We would not anticipate his moving expenses; no one knew what they were until the bills were in, and unfortunately those bills fell on the present administration and we had to pay them. We did not wish to keep the former high commissioner waiting for another year for his moving expenses, so an amount to cover that outlay was included in that sum. Then I believe it was found necessary to appoint one additional member to the staff in London. The total is made up of the amounts for these three purposes.

Mr. BENNETT: I am bound to say that the explanation in respect to the other items is a good deal better than the last, because we did know that he was bound to return to Canada.

Mr. MACKENZIE KING: Certainly the former high commissioner thought it was urgent that he should get his luggage from the old country immediately. I think it was; I think the account should have been paid.

My right hon. friend also took exception to the sum required in the administration of the Annuities Act also.

Mr. BENNETT: No, I said that could have been foreseen.

Mr. MACKENZIE KING: The government thought it was estimating pretty liberally when it asked for the amount it did to pay commissions on annuities sold; but as a matter of fact the sales exceeded anything that had been anticipated even in the imagination of the minister. An hon. member says: Good times, prosperity.

Mr. BENNETT: I think it is perhaps fear of the future, if you ask me.

Mr. MACKENZIE KING: But there it was; the persons who sold the annuities had performed a service for the country; they had

sold the annuities, and were entitled to commission on the sales. They turned in the moneys for the annuities; at least the applications with initial payment had gone to the department, and they were entitled to their commissions. We might have withheld payment until parliament met, but obviously there was an obligation there which required to be met immediately. It is apparent, Mr. Chairman, that my right hon. friend is still a little concerned about the attacks made upon him for the use of the blank cheque.

Mr. BENNETT: Oh no, we have long since passed that.

Mr. MACKENZIE KING: But what has been used in a form of blank cheque in these cases has been authorized by a statute enacted to meet just such cases.

Mr. BENNETT: So was ours.

Mr. MACKENZIE KING: It was put through, as I remember, by closure in this house.

Mr. BENNETT: Oh no, we did not have to go that far.

The CHAIRMAN: Shall the item carry?

Mr. BENNETT: No, I want to speak again about some of these items. The first one carries, yes.

Item 394 agreed to.

Mr. MACKENZIE KING: May we carry No. 395?

Mr. BENNETT: Yes.

Governor general's warrants 1936-37—To provide for the cost of fighting forest fires in the national parks of Canada (Governor General's warrant of September 17, 1936), $40,000.

Item agreed to.

Progress reported.

It being twenty minutes after eleven o'clock, the house adjourned without question put, pursuant to standing order.

Thursday, March 25, 1937

The house met at three o'clock.

REPORTS OF COMMITTEES

STANDING ORDERS

Mr. S. W. JACOBS (Cartier) presented the second report of the standing committee on standing orders, and moved that the report be concurred in.

Motion agreed to.

BANKING AND COMMERCE

Mr. S. W. JACOBS (Cartier, for Mr. Moore) presented the fourth report of the standing committee on banking and commerce, and moved that the report be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

DEMONSTRATION FARMS—QUEBEC

Mr. MULLINS:

1. How many demonstration farms were being operated prior to 1930 in the province of Quebec?

2. How many of these demonstration farms are being operated at the present time?

Mr. GARDINER:

1. Demonstration farms are operated by the provincial government but the dominion Department of Agriculture operated forty-two illustration stations prior to 1930 in the prov- of Quebec.

2. Fifty-three illustration stations.

NEW BRUNSWICK NATIONAL PARK

Mr. BROOKS:

1. Was a survey made in the year 1936 by a representative of the Department of Mines and Resources of prospective sites for a national park in New Brunswick?

2. If so, what sites were surveyed, and where located in New Brunswick?

3. Was a report made to the commissioner of national parks, and, if so, in what order were the proposed sites recommended: (a) first choice; (b) second choice; (c) third choice, etc.?

Mr. CRERAR:

1. Yes. A number of sites submitted by the province were examined in the year 1936.

2. Mount Carleton site in Northumberland and Victoria counties, a site in Albert county, and a site in Kings and Queens counties.

3. A report was made recommending the Mount Champlain site in Kings and Queens counties as first choice; the Lepreau site in Charlotte county (previously examined and reported upon) as second choice, and the Albert county site as third choice. This report, without being considered by the dominion government, was forwarded to the provincial government, as the latter must furnish free of charge the property covered by the site finally selected.

PRIVILEGE—MR. MASSEY

Mr. DENTON MASSEY (Greenwood): I rise to a question of privilege. At page 2096 of Hansard I read the following:

Only the other day the hon. member for Greenwood (Mr. Massey) referred to the bonus given to the farmers as a dole. If the hon. member did not hear that, I can assure him it was said.

That statement was made by the hon. member for Marquette (Mr. Glen). I was not present in the house at the time, and immediately following that statement my right hon. leader (Mr. Bennett) and the hon. member for Mount Royal (Mr. Walsh) endeavoured to convince the hon. member for Marquette that he was in error. At no time within this house or outside of it have I said anything that could possibly be construed as even insinuating what that remark suggests, and if the hon. member were in his seat I am sure he would be pleased to withdraw his statement.

SOCKEYE SALMON FISHERIES

CANADA-UNITED STATES CONVENTION FOR PRESERVATION AND EXTENSION IN FRASER RIVER SYSTEM—CONSIDERATION OF UNDERSTANDINGS

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved that the house go into committee to consider the following proposed resolution:

That, in connection with the exchange of ratifications of the convention between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries in the Fraser river system, signed at Washington on the 26th May, 1930, it is expedient that the houses of parliament do approve of a declaration being made on the part of Canada to the effect that the provisions of the convention may be administered upon the following understandings:

(1) That the international Pacific Salmon Fisheries Commission shall have no power to authorize any type of fishing gear contrary to the laws of the state of Washington or the Dominion of Canada;

(2) That the commission shall not promulgate or enforce regulations until the scientific investigations provided for in the convention have been made, covering two cycles of sockeye salmon runs, or eight years; and

(3) That the commission shall set up an advisory committee composed of five persons from each country who shall be representatives of the various branches of the industry (purse seine, gill net, troll, sport fishing, and one other), which advisory committee shall be invited to all non-executive meetings of the commission and shall be given full opportunity to examine and to be heard on all proposed orders, regulations or recommendations;

and that this house do approve of the same; provided that nothing in this resolution contained shall be deemed to prevent the governor in council from exercising at any time any authority in him vested to make effective orders or regulations duly adopted by the said commission.

[Mr. Crerar.]

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

Mr. MACKENZIE KING: Mr. Chairman, as the committee is aware the sockeye salmon fisheries convention between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries in the Fraser river system was signed at Washington on the 26th May, 1930. The convention was subsequently confirmed and sanctioned by an act of this parliament, chapter 10 of 20-21 George V, during the session of 1930. Agreement, however, has not been reached to exchange ratifications, and the convention therefore has lain or in other words been inoperative for some seven years. At the moment we are faced with the necessity of considering whether or not the convention should be accepted subject to certain understandings which the senate of the United States desired to have declared in connection with the exchange of ratifications. The senate of the United States approved of the convention by the requisite two-thirds majority on June 16 of last year, subject, as I have said, to these understandings.

Mr. BENNETT: Did they not call them reservations when they made them?

Mr. MACKENZIE KING: I think they called them understandings; that is my impression, but I shall make sure of that before we conclude the discussion. According to my memory at the moment, the way it was expressed was that the convention was ratified subject to "the following understandings."

In the opinion of the government it is not necessary, nor is it in accordance with general practice and procedure, to bring understandings of the kind before the house for approval, inasmuch as in our view they are not inconsistent with either the principle or the purpose of the convention. But the hon. member for Comox-Alberni (Mr. Neill) is particularly interested in the subject, and he as well as the leader of the opposition (Mr. Bennett) has expressed a desire to have an opportunity to discuss the understandings. The government therefore have thought it advisable to submit the understandings in the form of a resolution for the consideration and, we hope, approval of both houses of parliament.

On March 3 the hon. member for Comox-Alberni asked whether or not the understandings would be submitted. At that time I replied in part as follows:

These understandings, which under existing practice and precedents constitute clarifications or interpretations upon administrative aspects, appear to be not inconsistent with the principles and purpose of the convention; accordingly the question of their submission to parliament, which confirmed the convention in 1930, does not arise.

As I have said, since that question was answered in that way the leader of the opposition also expressed a desire to have the understandings discussed. The acting Prime Minister, my colleague the Minister of Justice (Mr. Lapointe), gave an assurance on March 12 that this opportunity would be afforded, the exchange of ratifications having not yet taken place.

Since the understandings relate to the convention as it has been signed, it might be desirable for me to indicate briefly the provisions of the convention.

Article II provides for the establishment of an international Pacific salmon fisheries commission, each country appointing three members. Under articles III to VII the commission is instructed and empowered:

(a) to investigate the natural history of this fishery as well as hatchery methods, spawning ground conditions and so on;

(b) to conduct fish cultural operations, improve spawning grounds, establish hatcheries, rearing ponds and other facilities for the purpose of stocking convention waters;

(c) to recommend the removal of obstructions to the ascent of sockeye salmon;

(d) to report annually upon the commission's investigations and action taken;

(e) to regulate the taking of sockeye salmon in convention waters;

(f) to regulate the fishery with a view to a substantially equal division of the catch;

(g) to regulate the size of meshes in appliances used for catching spring salmon during the spring salmon fishing season and the fishing equipment permissible for use on the high seas covered by the convention.

Under article VI an affirmative vote by at least two commissioners from each country is required to make any action by the commission effective. This is important in view of the powers given to the commission. The result is that neither country, through its representation, can impose its view on the other. There must first be a process of reaching agreement; then, and only then, action may proceed.

That brings me to the understandings which the United States senate, in giving its approval, desired to have declared in connection with their agreement to ratification. The first understanding is:

That the International Pacific Salmon Fisheries Commission shall have no power to authorize any type of fishing gear contrary to the laws of the state of Washington or the Dominion of Canada.

The convention itself indicates that the commission is not concerned with types of fishing gear, but only with the size of meshes in certain circumstances. It was never contemplated that the commission should have the right in any way to authorize any type of fishing gear contrary to the laws of either the United States or Canada. Accordingly this understanding was not considered inconsistent with the main intent of the convention, and may be regarded as a harmless declaration of administrative intention.

Before considering the second understanding, the one upon which I imagine discussion may arise, I shall pass to the third. It is in these words:

That the commission shall set up an advisory committee composed of five persons from each country who shall be representatives of the various branches of the industry (purse seine, gill net, troll, sport fishing and one other), which advisory committee shall be invited to all non-executive meetings of the commission and shall be given full opportunity to examine and to be heard on all proposed orders, regulations or recommendations.

The convention does not make specific mention of the appointment of an advisory committee. It does not say that an advisory committee shall be appointed. In that particular the convention respecting sockeye salmon is similar to the convention respecting halibut, to which agreement was given several years ago. Under the halibut convention it was found advisable to establish an advisory committee, and such a committee was in fact established and has been in existence. It is quite within the power of the commission dealing with sockeye salmon to adopt a procedure similar to that adopted by the halibut commission in its consideration of halibut fisheries. Such indeed has been the intention. This step would be in no way inconsistent with the Sockeye Salmon Convention, but rather in furtherance of its purpose. No special provision is necessary. So that from our point of view the third understanding is superfluous, and there could be no legal or formal objection to its acceptance.

The one remaining understanding is the second one, which is in these words:

That the commission shall not promulgate or enforce regulations until the scientific investigations provided for in the convention have been made, covering two cycles of sockeye salmon runs, or eight years.

It is true that in the opinion of our fisheries experts eight years seems an unnecessarily long time to be permitted to elapse before the commission shall have power to make regulations. On the other hand, if in the interval at any time agreement should be reached between the commissioners with respect to any regulations they deem advisable, there would appear to be no reason why at such time some supplementary agreement between the two countries should not be reached. As a matter of fact such a course was followed with respect to the halibut convention. In connection with investigations respecting halibut it was found that about eight years of scientific inquiry were required before the commission felt they would be in a position to recommend something practicable and advisable. It is possible the present commission might find itself similarly situated with respect to promulgating regulations in respect to the sockeye salmon. However, as I have indicated, if a majority of the commission on both sides come to the point of view that regulations are desirable at an earlier date, it is always possible for our government to ask the United States government to join with us either in consideration of amendments to the present understandings or in the drafting of a new convention.

I believe the eight year period is intended to cover two cycles of sockeye salmon runs. In view of the fact that either national section of the commission could delay regulations for eight years or longer for that matter, if it, or its government, or other influential interests were not convinced of the desirability of regulation, the third understanding could be regarded as not going to the heart of the convention, but as a statement of intention or interpretation as to the sense in which it had to be administered, if any practical progress was to be made.

I have already pointed out to the committee, at least two of the commissioners of each country must agree on regulations before such regulations can be promulgated. Under these circumstances, even without the understanding to which I have referred, if either country did not wish to have any regulation promulgated in a time less than eight years, it would be very easy for its commissioners to prevent the step by a majority of them refraining from agreement with the majority on the other side.

As to the present position, through careful inquiry at Washington our government has ascertained that there is not much hope of securing the approval of the United States senate to practical action without these understandings. Apparently it has taken some seven years to get agreement to this point. We are now in the position of having to decide either to let the convention as a whole go by the board, or to accept it subject to the understandings I have read. The government believes that the understandings constitute clarifications or interpretations upon administration aspects of the convention and are not inconsistent with its principles and purpose, also that apart altogether from the references in the understandings, although regulation is postponed, there remain for immediate action, considerable other functions and powers, and there are sufficient to warrant the convention being brought into force at the earliest possible day. The important thing is to get the commission and scientific investigation immediately under way. We believe the better course is to accept the understandings rather than to let the convention lapse.

An examination of the fisheries resources throughout the world would indicate that they are being rapidly exhausted, and that unless between countries, conventions and agreements can be speedily effected the result is likely to be serious. Experience has shown that it is impossible to exaggerate the importance of conservation measures. Only by joint action can conservation be carried out. Some seven years have elapsed which might have been utilized for the purpose of protecting, perserving and extending the fisheries. Let us hope that another period of time will not be permitted to elapse without some beneficial action being taken. If in this sockeye salmon case, the investigations of the new commission when set up, as well as the further experience of the fishing industry should indicate that it would be practicable to promulgate effective regulations before the lapse of two sockeye salmon cycles of eight years, it will always be open to the government to raise the matter again and to endeavour to secure the agreement of the United States that regulations should commence. The convention is for a period of sixteen years, subject to continuation unless exception is taken by either side. If the understandings are accepted so that agreement may be reached for exchange of ratifications, our government proposes to inform the government of the United States that the right is reserved to raise this question again as soon as circumstances may appear to render such

a course appropriate. This will be kept in mind and no opportunity lost in this connection.

In connection with the halibut convention it was found that a period of eight years elapsed before it was possible to put forward practicable regulations, and to get sufficient agreement on all sides for that purpose. It may be that was one of the reasons why the senate of the United States in the present instance has thought it well to name an eight year period.

I should point out further that the government understands that those connected with the fishing industry on our western coasts are in entire agreement with an acceptance of the convention upon these understandings.

Just this one word in conclusion in order to show the significance and importance of the convention. At the time the senate of the United States was investigating the matter it was disclosed that the salmon pack on the Fraser river system and Puget Sound which in 1913 amounted to 2,357,000 cases, had fallen in 1929 to 172,291 cases. This enormous reduction may have been due partly to the rock slide in the Fraser river that took place some years ago as well as to over-fishing. The government believes that such a convention as this will make it possible for these valuable resources, instead of becoming exhausted, to be re-established, and their magnitude restored to what it was in previous years, if not vastly increased beyond that point.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Chairman, I regard this matter as one of more importance than the mere incident to which it refers. It will be within the knowledge of most hon. members that this is the second attempt to conclude a treaty between the United States and Canada with respect to the sockeye fisheries. The first convention was criticized somewhat in this house and the then and now Prime Minister negotiated a new arrangement which was approved by this house before he left office in 1930 and embodied in the statutes of that year. I then suggested that in dealing with a country as large as the United States, where so much uncertainty prevails with respect to the action that may be taken by the senate, it would be well if we had the approval of the senate to the convention or treaty before it was confirmed by the parliament of Canada. However, I understand that at that time our minister at Washington was of the opinion that the circumstances were such that the treaty would be approved by the senate. Such, however, was not the case, and, as the Prime Minister has said, for seven years efforts have been made to have action taken by the United States to ensure approval of the treaty by the senate before ratifications were exchanged.

Two questions arise. The first is whether the conditions that have been imposed by the United States senate in confirming the treaty are reservations or understandings. That question is not easy of solution.

Mr. MACKENZIE KING: I have the exact wording here, if my right hon. friend would like me to give it to him. It is:

Resolved (two-thirds of the senators present concurring therein), That the senate advise and consent to the ratification of Executive M. 71st Congress, 2nd session, the convention between the United States and Canada for the protection, preservation and extension of the sockeye salmon fisheries of the Fraser river system, signed at Washington on May 26, 1930, subject to the following understandings to be made a part of such ratification.

Mr. BENNETT: I regard that as important, because there are certain principles of international law which I think are being contravened by the action we propose to take. When the Prime Minister was dealing with this matter last year he spoke of them as reservations. The hon. member for Vancouver North (Mr. MacNeil) asked a question on the orders of the day, to which the Prime Minister replied, as reported on page 3848 of Hansard of June 18, 1936, as follows:

Mr. C. G. MacNeil (Vancouver North): I wish to repeat the question I directed to the government yesterday as to the present status of the Fraser river sockeye salmon treaty, in view of the announcement of ratification by the United States senate.

Right Hon. W. L. Mackenzie King (Prime Minister): I have in my hand the answer which I was going to read. I tried once or twice to rise so as to anticipate my hon. friend's question. The question he asked was:

What is the present status of the Fraser river sockeye salmon treaty, in view of the announcement in to-day's press of ratification in the United States senate?

The answer is: The sockeye salmon convention, the second attempt to ensure the preservation of this important branch of the fishing industry, was signed in 1930 and approved by the Canadian parliament in the same year. Differences of opinion in the state of Washington prevented action by the United States until this year. This week it has been approved by the senate, subject to three reservations. The first of these reservations, providing that the commission is not to authorize fishing gear contray to Canadian or state of Washington laws, presents no difficulty; the convention does not grant such power. The third, providing for an advisory committee of five from each country, representative of the various branches of the industry, is also quite consistent with the purpose of the convention. The second reservation, however, providing that the commission will not put into

effect any order or regulation before its investigations have covered two cycles of salmon runs, or eight years, raises serious difficulty. It was of course understood that thorough investigation would precede any regulation of the actual fishing operations, but there is, in the opinion of those qualified to judge, no ground for anticipating that this would require anything like eight years, or more than half the fifteen years for which the convention runs. We therefore propose to discuss this question with the United States authorities, in the hope that some satisfactory solution of this point can be found and made effective next year.

The Prime Minister has been very frank and has told the committee that although discussions have taken place with the United States authorities, apparently there has been no desire to modify the terms of the conditions, understandings, or reservations, which were attached to the approval given to the treaty last year by the senate. I cannot look upon these reservations as being mere understandings. The first understanding reads:

That the International Pacific Salmon Fisheries Commission shall have no power to authorize any type of fishing gear contrary to the laws of the state of Washington or the Dominion of Canada.

I think that that understanding is faultily drawn. I believe what they intended to say was that they should have no power to authorize the use of any type of fishing gear. As it reads now it provides that they shall have no power to authorize any type of gear, not the use of gear. It is quite clear that in article V the treaty contemplated that the commission should exercise supervision over the type of mesh that should be used in fishing for sockeye salmon.

Mr. MACKENZIE KING: The size of mesh.

Mr. BENNETT: Yes. Article V reads:

In order to secure a proper escapement of sockeye salmon during the spring or chinook salmon fishing season, the International Salmon Fisheries Commission may prescribe the size of the meshes in all fishing gear and appliances operated in the waters described in article I of this convention which are frequented by sockeye salmon.

Whenever the taking of sockeye salmon in said waters during said period between the first of June and the twentieth of August in any year is permitted under the orders adopted by the commission in respect of Canadian waters any fishing appliances authorized by the laws of the Dominion of Canada may be used in such waters by any person thereunto legally authorized, and whenever the taking of sockeye salmon in said waters during said period is permitted under the orders adopted by the commission in respect of waters of the United States, any fishing appliance legally authorized by the senate of Washington may be used in such waters by any person thereunto authorized by that state.

[Mr. Bennett.]

Article V clearly contemplates that the commission shall have power to prescribe the size of mesh, not for the purpose of catching fish but to permit the escapement of fish. They contended—and properly so in my judgment, although I am not an authority—that we were not permitting the escape of fish that should escape because of size and not be caught as articles of commerce. As it stands now, article V is subject to the reservation or understanding that the International Pacific Salmon Fisheries Commission shall have no power to authorize any type of fishing gear contrary to the laws of the state of Washington or the Dominion of Canada.

Mr. MACKENZIE KING: Is there not a distinction between type and size?

Mr. BENNETT: I follow all that, but the effect of it is to render the first paragraph of article V nugatory and useless. I say that with some hesitancy, but I have given a great deal of thought to it. The minister will observe that—

In order to secure a proper escapement of sockeye salmon during the spring or chinook salmon fishing season, the commission may prescribe the size of the meshes in all fishing gear and appliances that may be operated. . . .

In Canadian and United States waters. If that does not mean that the size of mesh to be used in Canada and in the United States is to be prescribed by the commission, it means nothing. It cannot mean anything else. No one to whom I have talked has suggested that it means anything else. Then follows a provision that the Canadian form of fishing appliance shall not be altered by them, nor shall the United States form, but the size of the mesh which permits the escapement of the fish is to be regulated by this commission. Obviously it is not going to regulate it in a museum in Washington.

Mr. MACKENZIE KING: But the understanding does not have to do with the size of the mesh.

Mr. BENNETT: The reservation or understanding says that the international commission shall have no power to authorize any type of fishing gear.

Mr. MACKENZIE KING: "Type."

Mr. BENNETT: —"of fishing gear."

Mr. MACKENZIE KING: Yes.

Mr. BENNETT: And obviously the mesh in the net is the essential thing. It is of no use to talk about the size of a mesh lodged in a museum in Seattle or Vancouver. This contemplates the use of the mesh in a net,

otherwise it does not provide for the escapement of anything. There is no getting away from that difficulty. If the commission is to settle the size of the mesh, obviously the mesh must be in a net and obviously the net must be utilized for catching the fish. Therefore it contemplates that the fishing gear, and the type of gear, which is the mesh and the net, shall be of such a size as will permit the escapement of the salmon.

Mr. MACKENZIE KING: Would it not be possible to have different types of gear with mesh of the same size?

Mr. BENNETT: No; that is the whole point.

Mr. MACKENZIE KING: Why not?

Mr. BENNETT: The essential thing is that the catching of the fish depends on the size of the mesh.

Mr. MACKENZIE KING: Certainly.

Mr. BENNETT: About that there is no doubt. The question of the type of appliance that is used for the purpose of enabling that net to catch the fish is another thing altogether.

Mr. MACKENZIE KING: That is all that is dealt with.

Mr. MICHAUD: That applies to escapement, not to catching fish.

Mr. BENNETT: I think the minister is too experienced in catching fish not to see that, while this act provides for escapement, it obviously provides for retaining those that are larger in the mesh and lets the smaller go out of the mesh.

Mr. MICHAUD: The commission has nothing to do with any type of fish other than sockeye.

Mr. BENNETT: But it distinctly says they have the power to authorize the size of the mesh to provide for the escape of the smaller fish.

Mr. MICHAUD: Of sockeye.

Mr. MACKENZIE KING: They still have.

Mr. BENNETT: No, they have not. That is the point exactly.

Mr. MACKENZIE KING: I am afraid we cannot agree there.

Mr. TAYLOR (Nanaimo): May I ask the right hon. gentleman a question?

Mr. BENNETT: Certainly.

Mr. TAYLOR (Nanaimo): Does he regard the intent of the mesh to be that the smaller fish of any species should be allowed free?

Mr. BENNETT: Certainly. That is what it says in distinct terms:

> In order to secure a proper escapement of sockeye salmon during the spring or chinook salmon fishing season, the commission may prescribe the size of the meshes in all fishing gear and appliances operated in the waters described in article I of this convention. . . .

Notwithstanding that, it will have no power to authorize any type of fishing gear contrary to the laws of Canada or of the state of Washington. It therefore follows that whatever Canada may prescribe as to the type of gear which may be used, meshes that do or do not conform to a regulation or order of the commission cannot be interfered with either on the United States side or on the Canadian side.

Mr. REID: May I interrupt the right hon. gentleman? Did he not leave out the word "other"—any other type than the spring or chinook salmon? That makes quite a difference.

Mr. BENNETT: No. It says:

> In order to secure a proper escapement of sockeye salmon during the spring or chinook salmon fishing season, the commisison may prescribe the size of the meshes in all fishing gear and appliances operated in the waters described in article I of this convention, which are frequented by sockeye salmon.

I have read that just as it appears; there is no question about it. I leave that matter, only submitting that I cannot regard this as a mere understanding. The effect is to prevent this commission from effectively controlling the size of the mesh in connection with fishing operations under any type that may be authorized by the Dominion of Canada, on the one hand, or the state of Washington on the other.

With respect to the enforcement of regulations, I think there will be no difficulty in this house or any other chamber in showing that this is at entire variance with the general principles of the convention. I am certain that the minister would not have recommended seven years ago that the house ratify the treaty if it had contained that provision, because the effect of it is to render the whole treaty practically nugatory for eight years.

Mr. MACKENZIE KING: Oh, no.

Mr. BENNETT: Let us be fair about it. I am sure the minister desires to do what he deems to be the very best for everybody in connection with this matter, and I am sure he knows the efforts that were made to secure

the approval of the United States senate to the treaty in the form in which it is drawn. This is the provision:

> That the commission shall not promulgate or enforce regulations until the scientific investigations provided for in the convention have been made, covering two cycles of sockeye salmon runs, or eight years.

For eight years this convention is nugatory and without effect, except that they carry on the investigations.

Mr. MACKENZIE KING: That relates only to the regulations to be promulgated.

Mr. BENNETT: Yes, but the regulations are the expression of the results of the investigations. On the one hand you have the scientific investigations; on the other hand you have the regulations—the one the seeking of knowledge, the other the regulations to give effect to knowledge thus obtained; and here you have a statement made by the senate that for eight years no regulations are to be promulgated.

Mr. HOWDEN: From what date?

Mr. BENNETT: From the date of the ratification. That would be half of the fifteen or sixteen years. I approach this matter simply from the standpoint of a Canadian who is concerned about it, because we all have had to do with it. Certainly there is no question of party politics involved. The minister secured the treaty in the form in which it is; we endeavoured to secure the approval of the senate to it; finally, last year or about a year ago, the senate approved it with these three understandings or reservations. I submit with great confidence to this committee that the effect is to render completely nugatory this treaty for a period of eight years. Unless as a result of the knowledge obtained, regulations can be promulgated to give effect to the information so procured, it is obvious that the effort will be in vain.

I submit in all confidence, Mr. Chairman, that there is no member of this committee who, after careful consideration, will say that this has anything to do with an interpretative understanding. It goes to the very basis of the whole thing; it strikes at the root of the treaty. We were to have side by side investigations and regulations; on the one hand, immediate regulations for the preservation of this industry which is being destroyed, on the other hand continued investigations not only in the wider waters but in the narrow waters and in the river itself. In fact the question was discussed, you may recall, of the rights of the two countries to acquire lands for the purpose of ensuring an extension of the breeding grounds of the fish. Now, all these regulations that we were to have, predicated upon these scientific investigations, are to have no value and cannot be promulgated until eight years from the date of our ratification. In other words, for another seven years the fisheries are being depleted; for another eight years they are to be depleted still more, making in all fifteen years of the life of the treaty in which nothing is to be done to conserve the industry. That is the position.

The third understanding or reservation with respect to the setting up of an advisory committee might well be regarded as an interpretative administrative act, because I think one could read into the terms of the treaty itself, by implication, sufficient power to enable the authoritative body to set up an advisory committee. But it is at variance with the terms of the treaty when it begins to define who the advisory committee shall be and is a new term introduced into the negotiations and therefore amounts to refusal to accept the treaty. On that point international law is not silent, and I shall read from Oppenheim's International Law, the edition by McNair, volume 1, at page 724, on treaties. I think it might be well to indicate to the committee—and I hope I shall not be misunderstood in doing so—that the approval of parliament is not the ratification of the treaty. Ratification is the act of the head of the state, the sovereign, and hence it is that treaties run either in the name of the king-emperor on the one hand or in the name of the president of the United States on the other. That is ratification by the head of the state; approval is another thing; but the principles that govern with respect to approval and ratification, in so far as the treaty itself is concerned, are not contradictory. I quote from section 516:

> Ratification is effected by those organs which exercise the treaty-making power of the states. These organs are regularly the heads of the states or their governments, but they can, according to the municipal law of some states, delegate the power of ratification for some parts of their territory to other representatives. Thus, the Viceroy of India is empowered to ratify treaties with certain Asiatic monarchs in the name of the King of Great Britain and Emperor of India.
>
> In case the head of a state ratifies a treaty, although the necessary constitutional requirements have not been previously fulfilled (as, for instance, where a treaty has not received the necessary approval from the parliament of the said state), the question arises whether such ratification is valid, or null and void. Many writers maintain that it is nevertheless valid. But this opinion is not correct, because it is

clearly evident that, in such a case, the head of the state has exceeded his powers, and that, therefore, the state concerned cannot be held to be bound by the treaty.

517. It follows from the nature of the ratification, as a necessary confirmation of a treaty already concluded, that ratification must be either given or refused, no conditional or partial ratification being possible. That occasionally a state tries to modify a treaty in ratifying cannot be denied; but conditional ratification is no ratification at all, but equivalent to refusal of ratification coupled with a fresh offer which may or may not be accepted.

I pause for a moment to point out that these three understandings constitute fresh offers on the part of the United States, and that was the reason I suggested to the Minister of Justice (Mr. Lapointe) the desirability of parliament approving of this new offer, if it thought fit, so that there would be no question that the ratification when it took place would be an absolute and not a conditional ratification, having regard to the provisions that regulate such matters by international law.

Nothing, of course, prevents the other contracting party from entering into fresh negotiations in regard to such modifications; but it must be emphasized that such negotiations are negotiations for a new treaty, the old treaty having become null and void through its conditional ratification. On the other hand, no obligation exists for such party to enter into fresh negotiations, it being a fact that conditional ratification is identical with refusal of ratification, whereby the treaty falls to the ground. Thus, for instance, when the Senate of the United States on December 20, 1900, in consenting to the ratification of the Hay-Pauncefote treaty, added amendments which modified it, Great Britain did not accept the amendments, and considered the treaty to have fallen to the ground.

Quite particular is the case of a treaty to which a considerable number of states are parties, and which one of the contracting parties ratifies only in part. Thus France, in ratifying the General Act of the Brussels Anti-Slavery Conference of July 2, 1890, excepted from ratification articles 21 to 23 and 42 to 61, and the powers acquiesced in this partial ratification, so that France was not bound by these twenty-three articles.

But it must be emphasized that ratification is only partial and conditional if one or more stipulations of the treaty which have been signed without reservation are exempted from ratification, or if an amending clause is added to the treaty during the process of ratification. It is therefore quite legitimate for a party who, in signing a treaty, made reservations against certain articles to except those articles from ratification, and it would be incorrect to speak in this case of partial ratification.

Again, it is quite legitimate—and one ought not in this case to speak of conditional ratification—for a contracting party, who wants to secure a certain interpretation for certain terms and clauses of a treaty,—

That is the interpretative administrative provision.

—to grant ratification upon the understanding only that they should bear a particular interpretation. In such cases ratification does not introduce an amendment or an alteration, but only fixes the meaning of otherwise doubtful terms and clauses of a treaty.

The leading example of that was, I believe, the declaration of London. It is not mentioned in the immediate context here but I believe it appears later on in the book. Great Britain placed a certain interpretation on certain words of the treaty of London and declined to ratify the treaty unless this interpretation were ensured by proper terms. That, one can understand. But if this be sound, that there can be no such thing as an approval of the treaty conditionally, then it follows that the approval given by the United States constituted an approval with a fresh offer, and this parliament is now asked to accept a fresh offer in addition to the terms of the original treaty. In view of what the minister has said, if those most interested deem it desirable, it may be that it is in the interests of the country as a whole to accept it, and I have no definite opinion on the subject. But it does occur to me, as it does to the minister, that eight years is a long time to wait to have authority conferred upon a commission to enact and promulgate regulations. That is all I desire to say with respect to that point.

Now I want to say a word with respect to procedure. It will be recalled that in 1930, by chapter 10 of the statutes of that year, we passed an act in which we confirmed the treaty to which reference has been made. We are now adding to it three paragraphs which, I contend, on the authority of Oppenheim, constitute a fresh offer which we are accepting, and I do suggest to the Minister of Justice that it would be desirable, from the standpoint of maintaining uniformity of practice, that a short bill should be prepared on the basis of this resolution ratifying, in the terms of this resolution, the three understandings in question. I suggest that only in order that we may maintain uniformity of the practice and procedure which we have initiated in connection with this treaty. The position may be summarized in a few sentences. A treaty was approved by this parliament by a chapter of the statutes of 1930 and now there has been a modification of it—I will leave out the words "understandings" and "reservations" and use the generic term "modification." That modification is comprised in three paragraphs that are now before us, and I suggest, in order that our position may be consistent,

that we should now say, in terms of the statute, that we are accepting the new offer, and enact it as a statute of Canada, supplementary to the statute which we passed in 1930.

There remains only one other question that might be mentioned, and that is the effect upon the general situation with respect to what was said by the privy council a few days ago in connection with our treaty-making power. What I wish to direct attention to is this:

> It must not be thought that the result of this decision is that Canada is incompetent to legislate in performance of treaty obligations. In totality of legislative powers, dominion and provincial together, she is fully equipped. But the legislative powers remain distributed and if in the exercise of her new functions derived from her new international status she incurs obligations they must, so far as legislation be concerned when they deal with provincial classes of subjects, be dealt with by the totality of powers, in other words, by cooperation between the dominion and the provinces.

If those words have any value—and in my opinion they have not—they perhaps should not be overlooked until such time as they have been overruled.

Mr. CAHAN: Or withdrawn.

Mr. BENNETT: "Withdrawn" may be the proper word, but as it is a hypothetical case perhaps "overruled" would be the more appropriate term. But that factor does arise. It need not be considered in detail, but I think it is my duty to direct attention to it in view of the fact that that pronouncement was made long subsequent to the date of our adoption of the treaty by legislative action, and long subsequent to the date of modification of the treaty by the act of the senate itself.

Mr. MACKENZIE KING: To enact a statute, would not help us at all, if what my right hon. friend is now saying is true.

Mr. BENNETT: I do not suggest that it would, but in my judgment it would strengthen our hands in so far as maintaining the validity of our position on the first statute is concerned, if now that these modifications are made we adopted the same method in dealing with them. Because the language of the Prime Minister's declaration, it will be recalled, is this: he asks parliament to state that—

> . . . it is expedient that the houses of parliament do approve of a declaration being made on the part of Canada to the effect that the provisions of the convention may be administered upon the following understandings.

There is, I think, a slight contradiction of terms there. When we talk about giving effect to the provisions of the convention and administering it "upon the following understandings," it is not too much to say that at least in part, that is a modification, and certainly in one particular a very important reservation. In other words, what we looked upon as immediate action will now be delayed action; what we looked upon as continuous improvement will now be delayed for eight years. Regulations which we had hoped would begin to effect the preservation of the fishery in which we are so keenly interested will not, as far as this treaty is concerned, become effective until eight years from the date of ratification. The ratification can probably take place in ten days, but we should have to wait eight years more before we had any promulgation of regulations to effect the preservation of a fishery which we regard as extremely important. The net result is that if the contentions of my friends from British Columbia are correct—and I defer to their views—that we have not been obtaining our portion of this fishery, this state of things will be continued for eight years notwithstanding that article VIII is of very great importance.

Mr. REID: We have obtained a greater catch in the past two years.

Mr. BENNETT: Article VIII reads:

> Each high contracting party shall be responsible for the enforcement of the regulations provided by the commission in the portion of their respective waters covered by the convention, and to this end they agree to enact and enforce such legislation as may be necessary to make effective the provisions of this convention, with appropriate penalties for violations thereof.

For eight years that will have no effect at all. And the seventh article, to which we attach the greatest importance, will become completely nugatory:

> Inasmuch as the purpose of this convention is to establish for the high contracting parties, by their joint effort and expense, a fishery that is now largely non-existent, each of the high contracting parties should share equally in the fishery. The commission shall, consequently, in regulating the fishery do so with the object of enabling, as nearly as they can, an equal portion of the fish that is allowed to be caught each year to be taken by the fishermen of each high contracting party.

Certainly the effect of this reservation is to render that article completely useless for eight years, because this was to be done by regulation. If it were not that one does not desire to speak in other than respectful terms of the legislative body of another country I

would say that our friends from the state of Washington have certainly endeavoured to put it over us. We have laboured incessantly to maintain the principle that as the fish spawn in Canada and are caught in the sea, there should be as nearly as possible an equal division of the fish caught. That was the whole purpose of our efforts. But as it now stands, for eight long years no regulations are to be passed which will in any sense regulate equality of catch by the fishermen of the high contracting parties, although that was the essential matter with which we were dealing.

Mr. LAPOINTE (Quebec East): But if the treaty falls, it will be more than eight years; it will be never.

Mr. BENNETT: If there is no treaty, my hon. friend is entirely right. We would just have to take conditions as they are. But I know that if Canadians were to assert themselves within their legal rights on the Fraser river they could make it difficult for our neighbours to get the spoil of the sea that they now secure. It is because they realize that on the one hand, and we on the other hand desire to have friendly and amicable relations in respect to this great resource, that we said that the catch should be equally divided between us, and that was to be secured by regulation of the fishery. And now for eight years there is to be no regulation. That is my difficulty.

I have no party interest in this matter; if the government, with the fund of knowledge that it possesses respecting the situation which I have not, is of the opinion that to proceed in accordance with the resolution is in the national interest, I am content. I desire only to point out my difficulties, and certainly they are very real, having regard to the purpose of the treaty. The essential part of it was equality of catch. That has been destroyed, for it was to be secured by regulation, and regulations are not even to be promulgated for eight years from the date of ratification. Whether it is worth while to wait eight years for regulations that have effect only if four people agree, two from each country—which of course is an unusual provision but was the only one our friends would accept—is another question. Whether it is worth while to wait eight years, with the experience we have had with this and other treaties, for the purpose of determining whether or not at the end of that period two men representing Canada and two the United States will agree upon regulations that will give Canada half that catch, I cannot say. It is for parliament to determine.

Mr. MACKENZIE KING: May I say a word to my right hon. friend in regard to his last remark. In the view of the government the vital thing is to get a commission appointed and get it to work. Experience has shown in regard to the preservation of the halibut that little if anything could be done until a commission was appointed. After the commission was appointed very much was achieved in a comparatively short time. In the case of the halibut fisheries commission no regulations were promulgated in less than eight years; it took that period of scientific investigation and study and experimentation to enable the members of the commission to become agreed on the regulations they wished to make and satisfied they would be practicable. But it did not prevent the governments of the two countries from amending the original convention and giving additional powers and putting through measures which were helpful in the conservation of that resource.

Mr. BENNETT: Of course they can do that without a treaty.

Mr. MACKENZIE KING: No, I do not agree with that statement. Unless some sort of organization in the nature of a commission is established they will never get together. Once a commission is established with a personnel of three representatives from each country upon it, then you have the necessary machinery wherewith to work towards securing something in the way of agreement between the two countries. Without some such organization it would be very difficult indeed to get agreement. And apart altogether from the matter of regulations promulgated, there are other functions and powers given to the commission, as I indicated at the outset. For example, under articles III to VII, the commission is instructed:

(a) to investigate the natural history of this fishery as well as hatchery methods, spawning ground conditions, et cetera;

(b) to conduct fish cultural operations, improve spawning grounds, establish hatcheries, rearing ponds and other facilities for the purpose of stocking convention waters;

(c) to recommend the removal of obstructions to the ascent of sockeye salmon;

(d) to report annually upon the commission's investigations and action taken.

Similar powers were given to the commission having to do with halibut—

Mr. BENNETT: Of course halibut and salmon are entirely different. The halibut are deep sea fish entirely, while salmon have their origin in Canada. That is the real difficulty.

Mr. MACKENZIE KING: That is quite true, but the means of effecting an agreement between the two countries as the consequence of the appointment of a commission remain the same. An agreement was reached between the United States and Canada on certain matters affecting the conservation of halibut. It was eight years before that commission promulgated regulations. The convention was agreed to in 1923, if I am not mistaken, and it was 1930 before any regulations were promulgated by the commission. In the meantime they had been experimenting and investigating. They had taken action in a number of directions, and on one or two occasions the convention itself was amended. Before this session closes I propose bringing before the house another amendment to the halibut convention arising out of the work of the commission. We believe that once this sockeye salmon commission is established, since it will be in the interests of the United States as well as in the interests of Canada to conserve the sockeye salmon in the Fraser river system, suggestions or possibly recommendations will be put forward by the commission itself which will enable amendments, if necessary, to be made to this convention within the next couple of years, without waiting the expiration of an eight-year period.

As to the other point mentioned by my right hon. friend, I must say that the government does not agree at all with his view that the powers of the commission are in any way altered with respect to dealing with the size of mesh. We believe there is a distinction between the type of gear and the size of mesh. The understanding is that the commission is not to seek in any way to deal with the type of gear in the connection set forth.

Mr. BENNETT: Perhaps without interrupting the right hon. gentleman I might ask this: If the commission say, "We will have a four-inch mesh," and the laws of Canada and the United States provide for a three-inch mesh, what happens?

Mr. MACKENZIE KING: The commission has power to deal with the question of the size of the mesh. Let me read again the first sentence of article V:

> In order to secure a proper escapement of sockeye salmon during the spring or chinook salmon fishing season, the commission may prescribe the size of the meshes in all fishing gear and appliances. . . .

That is all we need to consider. The understanding is that the commission is not permitted to consider the type of fishing gear and appliances, but the convention gives the commission full authority to deal with the size of meshes for escapement purposes. I want to make that clear, because it is on that interpretation of the understanding that the government is seeking the approval of this house.

Mr. THOMAS REID (New Westminster): The treaty and the proposed amendments have to do with the run of sockeye salmon in the Fraser river, and as a member representing quite a large number of fishermen on the Fraser river I feel it incumbent on me to say something with regard to this very important matter.

It is well known to those of us who live in British Columbia that the great runs of sockeye salmon have been going down until now they are not nearly as large as they were in former years. In 1913 the catch amounted to some 2,409,760 cases, which dwindled to only 226,093 cases in 1936. In order that the house may better understand what this means in the number of fish caught, let me say that in 1913 over 26,000,000 sockeye salmon were caught, whereas in 1936 only 2,500,000 were caught.

It should be pointed out that the sockeye salmon of the Fraser river are entirely Canadian fish, for it is in the rivers and lakes of British Columbia that the fish are propagated and live for one or two years before heading out to sea. It is to these same rivers and lakes of British Columbia that the fish return to spawn before their life cycle is completed, and then they die. On the return journey, however, they pass through United States waters, where they are caught in large numbers. So much is that the case that up until only two years ago United States fishermen were catching the greater proportion of these fish. In some years their proportion of the total catch rose as high as 78 per cent as against Canada's proportion of 22 per cent. It was felt that something should be done which would permit Canadian fishermen to obtain a larger percentage of the total catch, since these fish are reared in Canadian waters, and since we have spent large sums of money in maintaining and propagating them. That being so, it was considered hardly right or fair that United States fishermen should obtain the greater share of the catch of this variety of salmon.

Briefly that is the story behind the treaty, and from that point of view the treaty is not only commendable but highly desirable. Canada could easily destroy this variety of salmon, but of course that is unthinkable. However, it is strange that the United States should have taken so long to agree to the treaty which was passed by Canada in 1930. While there are many commendable features

to this agreement, however, I believe that because of certain conditions which have changed since 1930, when the treaty was first signed, if the treaty were coming before the house now for the first time certain provisions might well be altered. For instance, following the elimination of trap nets by the United States some two years ago, Canada has caught more sockeye salmon than the United States. Last year we caught 78 per cent of the sockeye, so one of the conditions that brought about this treaty has largely disappeared. Canadian fishermen would have little cause to complain if we were assured that no trap fishing would be allowed again by the United States; probably we could get along without a treaty of this kind, but unfortunately we have no such guarantee from the United States. What means will be taken to apportion properly the catch between Canada and the United States of course will have to be worked out later by the commission that is to be set up.

If the entire treaty were coming before the house one criticism I would offer would be that I do not believe the boundary lines are quite correct. On their return to the Fraser river, and before they enter the strait of Juan de Fuca and Puget sound, the salmon are caught in large numbers off cape Flattery at a spot known as Swiftsure bank, the greater part of the fishing being done from twelve to twenty-five miles off cape Flattery. These banks extend out about twelve miles from shore before deep water is reached. Then it is only three hundred feet deep, and as far as thirty miles from shore the water is not more than six hundred feet deep. The most favoured region, however, is the Swiftsure bank, where the water is only 180 feet deep. Hardly a fishing day passes when you cannot find at least 100 boats fishing on these banks. My criticism of the boundaries as defined in the treaty is that the line should have been drawn very much further south than the 48th degree of north latitude. The present line is only some twenty to twenty-five miles south of cape Flattery while the actual fishing bank extends fifty miles to the south.

Again, in article I the high seas boundary is far too vague. The article states that territorial waters on the high seas westward from the western coast of Canada and the United States shall come under the provisions of the convention, and therefore are to be affected by the various orders or regulations which may be issued, but the question arises as to how far westward into the open waters of the Pacific ocean the treaty really extends. Very little difficulty will arise, I think, in regard to the definition of territorial waters. According to international law, territorial waters briefly are those waters within the three-mile limit. The question of the waters beyond the three-mile limit, however, is something else entirely. It is not so easily defined because of the fact that international law, as agreed to and understood by practically all nations, does not recognize the laws of any country on the high seas beyond the three-mile limit. Consider for a moment how this question might affect not only the salmon industry of British Columbia but also the halibut industry, in regard to which I shall have something to say on a later occasion; as we are dealing only with the salmon treaty I shall endeavour to confine my remarks on this resolution to the matter of salmon.

As stated in the treaty, no limit has been placed upon the distance westward, and it is to this I wish to direct the attention of the committee. The question is likely to become one of grave international importance should a foreign country decide to invade these fishing banks, which are well outside the territorial waters or the three mile limit. In these days of modern fishing operations and equipment we see ships, known as mother ships, being outfitted for long fishing expeditions, fully equipped with small power boats used for catching the fish, and with cold storage plants, and so on, to take care of the fish caught. These boats are outfitted for cruises lasting anywhere from six to eight months.

Great Britain has long been a pioneer in this type of fishing, sending her fishing vessels out into many oceans; although so far she has refrained from lending encouragement to fishing on the north Pacific, due no doubt to the fact that she recognizes the difficulties which would arise in Canada and the United States which have a treaty between them regarding halibut. Great Britain's last great fishing invasion was to the coast of Greenland, where six ships were sent out each year, fishing there until fully loaded and then returning to Great Britain.

Japan is another country which will have to be reckoned with in the matter of fishing off the Pacific coast. It is not generally known Japan has over 1,500,000 of her citizens in the fishing industry, which is twice as many as are engaged in the textile industry in Japan. As a matter of fact, Japan is recognized as being supreme in fisheries, the catch by the Japanese amounting to one-quarter of the total world's catch. The Japanese method of fishing consists of sending out large floating canneries, operating on the mother ship principle. These vessels are equipped as canneries. They carry with them the fishing

boats and fishing gear. The Japanese have demonstrated that sockeye salmon can be taken on the high seas in deep water and far from shore. They use enormous nets. The length of them is almost unbelievable, being three to five miles in extent. A practical monopoly of the fisheries off the coast of Siberia was granted by the Japanese government to a Japanese concern, and literally hundreds of miles of nets, veritable barriers, were put out in the high seas by fishing vessels and resulted in preventing the salmon from ever reaching the home streams in Siberia. As is well known, so extensive has been the fishing carried on by the Japanese along the Siberian shores that these fisheries have been practically destroyed and Japanese fishing companies have been looking for new fields of enterprise. Since 1930 they have carried on their mother ship operations off the coast of Alaska. I might add that this year they are operating off the coast of Australia, having investigated that field over a period of two or three years.

Previous to last summer Japanese fishing boats off the Alaskan coast were catching only crabs, which, it may interest hon. members to know, in those Alaskan waters sometimes attain a size of three feet. Last summer, however, a new 10,000-ton ship visited the Alaskan waters. It was an experimental vessel from top to bottom, having a reduction plant, cold storage, and the latest, most modern and scientific equipment. From the mother ship power boats were sent off in different directions. They took samples of the sea water, temperatures, et cetera. These boats returned in the evening to the mother ship, when the scientists aboard immediately analyzed the sea water and compared the temperatures. From this they gained information, and could show the fisherman where to fish. That 10,000-ton boat came on down the Pacific coast, finally calling at Seattle, where it was discovered they had on board some 22,000 cases of salmon caught on the expedition. This catch represented a total of about 270,000 salmon.

According to press dispatches, Mr. Hara, Director of Fisheries in Japan, made a statement in the Japanese Diet that the government intended to encourage Japanese salmon fishermen in the public waters off Alaska. This is being done, in view of the promising nature of the fishing there, as indicated by the information obtained by the expedition ship which visited the shores last year. Already petitions have been filed with the Jananese diet asking for the issuance of licences for fishing salmon outside the three mile limit off the coast of Alaska. It is to be sincerely hoped that nothing will be done to precipitate unfriendly feelings or relations between the United States and Japan, but some solution will have to be found for this before any overt act is committed to arouse the violent opposition of United States fishermen, or retaliation from United States commercial interests.

True, for the time being this will not directly affect the salmon fisheries of the Fraser river, but once the Japanese begin their extensive fishing methods off the Alaskan shore, what is to prevent them coming on down the coast and fishing off cape Flattery and within the waters designated in article I? The situation is so serious that I would urge that steps be taken to deal somehow with the matter at this time, believing that the problem should be faced openly and not underground—it is a matter which might become dangerous if submerged. I respectfully suggest, Mr. Chairman, that that matter be discussed at the forthcoming imperial conference. I do not know just what can be done about it, but it is a matter which has international complications. It should be discussed at that conference, before the situation becomes grave.

The sockeye salmon coming to the Fraser river are Canadian fish and, whether caught in the open sea or not, should be definitely declared as such. Canada spent a total of more than $7,000,000 on fisheries in the ten years between 1925 and 1935. The United States have spent $9,000,000 in an endeavour to protect and develop their fisheries in Alaska. The importance of the salmon industry should be judged not only by the number of men engaged in it, but also by the value of the product.

Salmon is one of our most wholesome and outstanding food supplies. Fish as food is perhaps of more importance to a nation such as Japan, which to a considerable extent has to rely on the catch of fish to maintain her people. An appeal might well be made by that country on that ground alone.

The importance of the fishing industry of British Columbia is indicated by the fact that the total capital investment in British Columbia fisheries in 1935 amounted to $20,890,825. The fisheries production in British Columbia was valued at $15,169,529, and that for the whole dominion at $34,427,854. These figures show that British Columbia is in a supreme position in Canada so far as fisheries are concerned. In 1935 there were 10,965 persons engaged in fishing, in connection with British Columbia fisheries, and 6,065 in manufacturing, making a total number of 17,030. There were 5,808 engaged in gill net fishing, alone, with a catch valued at $954,394; there were 320 operating purse seines, with a catch

valued at $355,850. In 1935, salmon fishing in British Columbia had a total value of $12,099,000, and halibut fishing a value of $940,000.

With respect to territorial waters may I say that the straits of Juan de Fuca, which are ten to twenty miles in width, are, I believe, designated as national waters. It is equally important that the waters around Swiftsure bank and for a definite distance off the United States and Canadian shores covering the entire fishing bank should also be designated as United States or Canadian waters. At least in the treaty we should place some definite limits to the high seas boundaries embracing the fishing banks.

I realize there might be some difficulty in this, owing to the fact that international law does not recognize anything outside of the three mile limit, but in view of the seriousness of the matter and the grave problem which may arise, it should not be overlooked at the imperial conference taking place this year. I am strongly of the opinion that had there been no treaty entered into between Canada and the United States in regard to halibut, British fishing boats would have been operating in the north Pacific halibut fishing banks this year, and I have no doubt that Great Britain will adopt the same policy in the matter of our sockeye salmon fishing industry. I am equally as confident, however, that if there had been no treaty, encouragement would have been given by Great Britain to her fishing fleet to operate in these northern Pacific waters, and as is well known, Great Britain has for hundreds of years maintained her right to fish anywhere outside the three mile limit of any and all countries. As recently as 1923 Great Britain dispatched His Majesty's steamship Harabel for the protection of British fishing vessels off the Russian coasts, due to the fact that the Soviet government on May 7, 1923, through the use of gunfire, had captured a British trawler which was fishing just outside the three mile limit of Russian territory. Unless Canada takes steps to declare the sockeye salmon a Canadian fish and Canadian property, little support need be looked for even from Great Britain in the event of our fishing banks being invaded by foreign fishermen.

As I have pointed out, the situation in regard to the sockeye salmon heading for the Fraser river is unique and the contention by us that they are Canadian fish cannot be successfully disputed. The fish are propagated entirely in Canadian rivers and lakes and are fully protected by law and regulation with a view to their preservation. Canada has spent millions of dollars in this connection. Canada and the United States have been working together for years in connection with the halibut and the salmon industries. They have endeavoured to see that these great industries not only do not perish but shall be increased if possible.

The treaty we are now discussing is a culmination of the efforts made by Canada to have the United States cooperate with us, not only in the matter of the equal distribution of the sockeye salmon but also in arriving at methods designed to bring back if possible the industry to the position it held in 1913 when the total pack was two and a half million cases. If we in Canada hatch, develop and preserve this species of salmon, then we have a right to claim them as being Canadian fish outside territorial waters. I believe every hon. member will agree with me when I say that that is what we should do.

Referring for a moment to the duties and functions which will devolve upon this commission to be set up, I contend that it should be urged upon them that more serious consideration should be given than has been given in the past by departmental officials and previous governments to the blocking of rivers and streams by power companies. Some important streams in the Fraser river system have been blocked by the British Columbia Electric Railway Company which has put in dams at Stave river. These dams prevent the salmon from ascending to the spawning beds. I believe a survey has been made of the waters of the Fraser river above Hope. No doubt further electrical power will be required and a constant effort should be made to see that from now on there does not take place on the Fraser what has taken place on the Columbia river. If that ever happens the entire salmon industry will be wiped out.

Dams were erected on the Columbia river, the effect of which has been gradually to destroy the fisheries. Repercussions of this action are now being felt in Canada. It should be pointed out that the variety of salmon known as spring salmon, which are caught in considerable numbers in the waters of British Columbia, are propagated in the Columbia river. Because of the dams and obstructions which have been placed on the Columbia river, the catch of spring salmon has gone down each year. Power wheels have been placed along the Columbia river to lift the salmon over the dams, but these have not proven very successful if at all.

At this point I should like to tell the Prime Minister (Mr. Mackenzie King) what I told the leader of the opposition (Mr. Bennett) two years ago when he was prime minister, that Canada was lax in her duty when

she allowed these obstructions to be placed on the Columbia river without protest. Canada has a considerable interest in that river. It will take me only a moment to quote from the treaty which was signed in 1846. Article II reads:

> From the point at which the 49th parallel of north latitude shall be found to intersect the great northern branch of he Columbia river, the navigation of the said branch shall be free and open to the Hudson's Bay Company, and to all British subjects trading with the same, to the point where the said branch meets the main stream of the Columbia, and thence down the said main stream to the ocean, with free access into and through the said river or rivers; it being understood, that all the usual portages along the line thus described shall in like manner be free and open.
>
> In navigating the said river or rivers, British subjects, with their goods and produce, shall be treated on the same footing as citizens of the United States; it being, however, always understood, that nothing in this article shall be construed as preventing, or intended to prevent, the government of the United States from making any regulations respecting the navigation of the said river or rivers, not consistent with the present treaty.

By that treaty British subjects, that is Canadian citizens, were to be allowed free approach and access from the interior of Canada right to the Pacific ocean through United States territory. During the last few years quite a number of dams have been built for power purposes on the Columbia river. These dams have taken away from us the right granted in the treaty of 1846, and we are now beginning to feel the effects of the construction of these dams. Since these dams have been completed, fishing on the Columbia river has practically passed out of existence. Besides the one dam to which I have referred, another dam is nearing completion located about thirty miles from Spokane. This dam will back up the waters of the Columbia river across the boundary line into Canada. This whole matter should be taken up by the International Joint Commission and a claim made by Canada for adequate compensation for the losses sustained through the violation of the treaty of 1846. I need not point out that if Canada had violated such a treaty, the United States would have made immediate representations in protest.

I should like to refer to the third understanding. The Prime Minister has pointed out that while the representation is not compulsory, it is intended that various branches of the industry will be represented upon this commission. I cannot see any reason at the moment why sport fishing should be represented. As is well known, the sockeye salmon is not a sport fish. I think the representation on this commission should be confined to commercial and actual workers in the industry. Representations were made only last year by sports clubs in my district to eliminate the commercial fishermen from two rivers. It was pointed out that a six or seven inch mesh net would not stop the sport fish, but these clubs wanted the rivers for themselves. The attitude of the sport fishermen in many parts of Canada does not take into account the men who gain their livelihood from fishing. These sports fishermen are concerned only with having a little pastime generally after their week's work is over.

I should like to add one word in answer to some statements made by the leader of the opposition. Perhaps I can do this best by asking a question. What further can be done by Canada if the United States will not sign the treaty? The treaty passed this house in 1930 and since that time representations have been made at various times to have it approved by the United States. But they would not do it. I do not agree with the leader of the opposition when he says that nothing can now be done for eight years. During the past two years, since the traps have been prohibited by the Americans, Canada has been getting a greater percentage of the sockeye catch. Last year Canada got 78 per cent of the catch as against 22 per cent caught by the Americans.

The treaty can be summed up as having at least two desirable points. The first is the attempt to equalize the catches as between the United States and Canada, and the second is the preservation of the fish. An attempt is being made to preserve the fish and if possible increase the catch in the Fraser river. As to the preservation of fish, this work has been carried on for some time by the Canadian fisheries department. If one looks over the records of the catches for the past years he will see that the remarks made by the leader of the opposition are not exactly correct. The catch last year of sockeye salmon on the runs to the Fraser river amounted to 226,393 cases. If the catches had been going down every year to the point of depletion, they would not have caught as much as they did in 1932 or 1933.

Mr. BENNETT: That indicates the undesirability of the treaty.

Mr. REID: We have no guarantee that traps will not come back. Having no guarantee, then I say that a treaty is desirable. It is desirable and we are at least assured that for at least two years we shall be able to

get a greater proportion of the catch than the Americans because they have agreed to prohibit the use of traps for two years. So that for the next two years there is no doubt that Canada will get the greater proportion of the fish coming through Puget sound waters. But as I say, what further can be done to make the Americans sign a treaty? It would be unthinkable for Canada to go out and destroy the sockeye on the Fraser river just because the Americans will not sign a treaty or because they are getting a greater percentage of the catch. I know the suggestion has been made here and there, but to me it is unthinkable. To my mind we have everything to gain even if nothing is done for eight years, although that contingency is greatly in doubt, and it may well be that, as in the case of the halibut treaty, something will be done after the commission starts to function.

I shall reserve further remarks until the committee considers the various clauses, but I thought it incumbent upon me to suggest to the committee the important questions that arise affecting the high seas and territorial waters, point out the possibilities of international complications, and to urge that it is far better for Canada to face the issue at once.

Mr. J. S. TAYLOR (Nanaimo): In view of what has been said, including the interpretation placed upon some of these regulations by the leader of the opposition (Mr. Bennett), I should like to place before the committee some information. Reading from fisheries document 1092 of the bureau of fisheries, United States Department of Commerce, I find:

> Chinook, quinnat, or king salmon. The largest of the Pacific salmons is the chinook or king salmon. It is found throughout the region from the Ventura river, California, to Norton Sound, Alaska, and on the Asiatic coast as far south as northern China. As knowledge extends, it will probably be recorded in the Arctic.
>
> In the spring the body is silvery, the back, dorsal fin, and caudal fin having more or less of round black spots, and the sides of the head having a peculiar tin-coloured metallic lustre. In the fall the colour is, in some places, black or dirty red. The fish has an average weight of about twenty-two pounds, but—

This is the point I want to stress.

> —individuals weighing 70 to over 100 pounds are occasionally taken.

Dealing with the sockeye, that name being an anglicizing of the apparently Russian word sukkegh—the sockeye, blueback, or red salmon:

> The red or sockeye salmon, when it first comes in from the sea is a clear bright blue above in colour, silvery below. Soon after entering the river for the purpose of spawning, the colour of the head changes to a rich olive, the back and sides to crimson, and finally to a dark blood red, and the belly to a dirty white. The maximum weight is about 12 pounds, and length 3 feet, with the average weight about 5 pounds, varying greatly, however, in different localities.

That throws some light on the question of the nets and the meshes of the nets. The plain object of a net is to catch not a few but every fish of a particular type which it is spread to catch, and if the mesh is too large, so that the small fish of that type pass through, it will not be very long before the fish of diminished size will be reproducing themselves in the spawning ground. But in this case, where chinook and sockeye salmon are running together, evidently these regulations are intended to permit the sockeye spawning fish to pass through the net, which is otherwise gauged to catch all the chinook, king or spring salmon.

I thought that that information should be brought out, in view of what has already been said.

Mr. A. W. NEILL (Comox-Alberni): Mr. Chairman, I would like first to thank the government, and more particularly the Minister of Justice (Mr. Lapointe), who I think was leading the house when he agreed to bring this matter into the house at the request of myself and the leader of the opposition (Mr. Bennett). It is no lack of modesty that leads me to put my name before his, but simply because I brought it up first by a question in the house and then on the orders of the day, and I suffer no least illusion as to what my fate would have been if it had not been for the powerful intervention of the leader of the opposition. I have only to look at the answer that I got to the question which I asked on March 3, when I was told that the reservations or understandings simply constitute clarifications or interpretations upon administrative aspects and therefore it was not necessary to bring them into the house. That, Mr. Chairman, is another illustration of the ever-growing custom in this house, not under this government alone, but under preceding governments as well, of proceeding to eliminate almost all the power and influence of the ordinary common member and giving us government by cabinet rather than by parliament. We hear a lot about the common man, the man in the street, the forgotten man. I think there should be a movement in this house to preserve the rights and jurisdiction of the man who represents the common man —that is, the ordinary member of parliament. Otherwise the day will come when we may get ourselves elected by what methods we can,

and stay at home and let the two dozen men who now control this house continue to control it. When I say that I am not referring to the cabinet alone, but to both sides; twelve men on the government side and about eight on this side control the policy of this house. I make that statement without any fear of contradiction from those who know. The rest of us, knowingly or unknowingly, willingly or unwillingly, are merely puppets, merely chessmen on the chess board of political history.

I heard the hon. member for St. Lawrence-St. George (Mr. Cahan), in a debate which I shall not particularize for fear I might be out of order, suggest to the Minister of Justice (Mr. Lapointe) that we should assert ourselves, that Canada should assert itself and should pass certain legislation or acts under the Statute of Westminster. That is perhaps necessary, but I would not use the word "assert"; I would use the word "exercise," because the British government, when it gave us the Statute of Westminster, did so with no niggardly hand. The British are not going to fuss whether we exercise our powers or not. Such language smacks rather of the boy with his watch, anxious to get into a debate as to what the time is. If the hon. member would use his undoubted abilities and his long experience in breaking a lance, as the saying is, for the rights and privileges that are far more precious and far more seriously threatened—I mean those of the common ordinary member of parliament—he would be doing something which I think would be much more effective. I am not going to be called to order for diverging from the subject, and I will confine myself to this particular matter, although I could point readily to repeated instances of this ever-narrowing circle, where successive governments have sought—it is natural and it is convenient—to take power from the ordinary members of parliament and confine it within the ranks of the governing bodies.

In 1929 the Prime Minister (Mr. Mackenzie King), speaking to a motion respecting the sockeye treaty, said, as reported at page 2630 of Hansard:

> It has been intimated to the government that some hon. members of the house would like to have detailed information with respect to this treaty. In order to supply the information which they wish to have, it would appear to be desirable to have the resolution referred to an appropriate committee of the house where that information could be given.

He therefore moved to send it to the marine and fisheries committee, where, he said, we should have the advantage of hearing witnesses, and so on. That was seven years ago.

[Mr. Neill.]

That the action was sound at that time is proved by the long and extensive debate that took place in the committee, a debate far more effective and detailed than could have been afforded in committee of the whole house. The matter was thoroughly discussed in that committee for weeks and resulted in a very close vote on the motion for recommendation of the treaty for approval. So close, indeed, was that vote that it was carried by the casting vote of the chairman.

While this is not a new treaty, there are such substantial changes in it as to make a full discussion imperative. It was determined to have it adopted by government action alone and the members of the house would have had no opportunity of learning anything about it except through the columns of the press—and this in connection with a treaty which is of vital importance to the province of British Columbia at least. The leader of the opposition quoted the Prime Minister, as reported at page 3848 of Hansard of last year. The Prime Minister at that time said that while two reservations were not important the third was of such a character as to raise serious difficulties, and he went on to say that it was proposed to discuss the question with the United States authorities in the hope that a more satisfactory solution might be found. I presume that the negotiations took place verbally, because I asked for correspondence the other day and was told that there was none. When the Minister of Justice agreed the other day to bring the matter before the house the decision of the government to do this was phrased in the usual way by the clerk's office; it was to be in committee of the whole. That, of course, means that there may be a full discussion such as we are having to-day. A few days ago we were told that the intention was not to bring the matter to the committee of the whole but merely to discuss it on a motion for the Speaker to leave the chair, which would mean, of course, that the debate would be very much restricted. On a motion for the Speaker to leave the chair there is practically no debate; there are a few set speeches, but no questions can be asked and answered, and the effective value of proper debate is entirely lost. The ordinary procedure with regard to resolutions coming before the house is to have a bill based on the resolution submitted to the committee of the whole, where it can be fully discussed. But this matter, we were told, was not to be dealt with in that way, so that if we had lost this opportunity to-day we should have been confined entirely to set speeches by one or two members, but there would have been

no real opportunity for the imparting of information which is so necessary in connection with a matter of this importance. The leader of the opposition has secured these privileges to us, though as a matter of fact they always adhere to the house and should not be taken away; and while I am grateful to him for having secured my right of free speech, I rather resent the necessity of having to shelter under his prestige and influence.

Mr. MACKENZIE KING: I am perfectly sure the government would have been only too pleased to accord to my hon. friend the same courtesy as was accorded the leader of the opposition. When I answered the hon. gentleman's question I was making a statement as to the procedure in matters of this kind, but it was always understood that if the hon. gentleman or any other hon. member wished to discuss in detail a matter of this kind the government would not seek to prevent his doing so.

Mr. NEILL: I did not see much evidence of yielding to my request until the leader of the opposition came to my rescue. The statement was made that it was not material.

Mr. MACKENZIE KING: I did not say that there would be no further discussion.

Mr. NEILL: We will leave it at that. The matter is before us anyhow. I do protest, however, against any lessening of the privileges of the ordinary member, because those privileges are diminishing all the time. Some of the rules of the house are archaic and grotesque having regard to the fact that there are more than two parties in the house. Have we no ability to change the rules? Were not members deprived of their rights the other day owing to the correct interpretation of rules that have been out of date for the last fifteen years? When I speak in this way I am not moved by any personal consideration; I am speaking on behalf of the ordinary member of the house.

As regards this treaty I want to reverse the ordinary process and make one or two comments on matters of detail before dealing with the main principles. As regards reservation No. 1, should there not be at the end the words "or regulations made thereunder"? Most matters dealt with here are effected by means of regulations and if those words were inserted I think it would be clearer.

In reservation No. 2 it is provided that the commission shall not promulgate or enforce regulations until the scientific investigations provided for have been concluded. There are no scientific investigations mentioned in the treaty itself. What this has reference to is the provision contained in article III for the making of an investigation. Article III states:

> The commission shall make a thorough investigation into the natural history of the Fraser river sockeye salmon. . . .

And so on. This second reservation provides that the regulations shall not come into effect until the scientific investigations mentioned in the treaty have been made, but the treaty itself makes no mention of scientific investigations.

Reservation No. 2 also provides that the regulations shall not be enforced for a period of two cycles or eight years. What is a cycle? Ordinarily, in connection with sockeye salmon, a cycle is supposed to mean four years; but I think the Minister of Fisheries (Mr. Michaud) will agree with me that, especially in view of the fact that we are adding to our knowledge all the time, many of these fish are now supposed to run a cycle of five years. Again, it says, two cycles or eight years. Does that mean whichever is greater or less? It is rather vaguely worded. It is evident that either party to the treaty or the commission itself could postpone action indefinitely by declaring that the scientific investigations had not been concluded. As a matter of fact scientific investigations are never concluded, for science is always teaching us more and more.

Should not the word "orders" appear after the word "regulations"? Article IV of the treaty does not mention anything about regulations; it speaks of orders, and if we introduce the word "regulations" we ought to connect it up with the word "orders" in some way. When the Prime Minister gives his explanation in reply later on, I submit that he should inform the committee why it was necessary for us to insert the last words:

> And that this house do approve of the same; provided that nothing in this resolution contained shall be deemed to prevent the governor in council from exercising at any time any authority in him vested to make effective orders or regulations duly adopted by the said commission.

I do not understand that. If it means anything it contradicts something else and is not necessary. At any rate, it seems superfluous to me, though that may be only because of my lack of knowledge of the subject.

I believe the leader of the opposition said that this was the second attempt that had been made to have a treaty ratified. If I mistake not, it is the fourth attempt; certainly it is the third. There was one ratified in 1918, but the United States senate turned it down. At any rate this matter has

had a long and chequered career, and through all this time I have been a staunch advocate of a treaty. I am therefore more than regretful to have to oppose this substantial amendment of the treaty. I am in favour of a treaty but I consider that the amendment defeats the main purpose of the original treaty. Such a treaty has been the ambition of members of parliament and different governments and officials for many years, and its final ratification was looked upon as a matter for congratulation; and I must say that by far the greater part of the credit for the treaty belongs to the gentleman who is now deputy minister of the Department of Fisheries. When his work in that department comes to be recorded he will be able to point to this as a major achievement in his career and one of which he may well be proud. I know that certain men on the coast who have a flair for and greater access to publicity have succeeded to some extent in taking some of the credit for it; but I have a fair knowledge of the situation and I am thoroughly convinced that the greater part of the credit should go to Doctor Found. And I say that all the more gladly because in other matters it has been my misfortune to oppose his methods.

As regards the first and third provisions, I do not think there is much trouble. I do not agree with all the features of the third, but I do not think there will be much trouble. As regards the second, however, that is something I consider wholly undesirable. The life of the treaty is sixteen years, and to put in a provision that nothing should be done for eight years to my mind renders it highly undesirable. However it may be sugared over, I do not think you can get away from the fact that it means a complete cessation of activities. The commission is to consist of six members, three from each side, and there is a provision in article VI that no action will be taken by the commission unless it is affirmatively voted on by at least two commissioners on each side. That prevents any trouble with one of our commissioners being "got at," as the saying is, or weak-mindedly giving away the interests of Canada. It does assure that at least two of our men will be in accord before anything is done. It will guarantee that they will be practically unanimous.

Then the commissioners must be men of repute. We give them broad powers, and if we cannot trust them we should not appoint them. They are to proceed with what article III calls for, a thorough investigation, and then take appropriate action, and we must suppose that they will not do so before they are satisfied. If such is the case, why tie their hands for eight years? We appoint them and say to them "Go and do an important work," and then without knowledge acquired by experience we butt in and say: You must not do anything for eight years but just sit and look nice. The suggestion was made that in this eight years we might get a new convention. Well, if that is the best solution we had better not have this convention; because in eight years we might get a more suitable one. I think the chances would be strengthened rather than lessened if we did not pass this. If it is passed the feeling will be: it is passed and we had better stick to it.

The Prime Minister made a point in connection with the halibut treaty, but I would point out that the conditions are entirely different. In the case of the halibut business the fishing is done far out at sea. We had to begin de novo; we did not know where the banks were; we had to hire a boat to locate them and map them so that we had some vague idea what the treaty was governing. The salmon business is quite different. We have been investigating the salmon situation for thirty years, and if we have not yet acquired enough practical knowledge to be able to formulate rules I do not know when we shall be able to. The trouble has been, not lack of information, but lack of cooperation by the people on the other side of the line. They carried out their investigation—their books and records are full of it and so are ours—and all that was required was to get together. So that the suggestion that the cases are parallel, and that because seven years passed in the one case, we should by force of law wait eight years in the other is not appropriate. In the case of the halibut, if they had found themselves ready to do something at the end of three years they could do it; but in this case they could not because the law says they are not to do anything for eight years. A treaty of any kind, a bargain of any kind, involves certain concessions on both sides, sacrifices perhaps, restrictions at any rate. But why agree to the restrictions and make the sacrifices and then arrange that we are to get no benefit for eight years?

There is a provision under article VII that each of the parties shall share equally in the catch, that it shall be divided as nearly as possible fifty-fifty each year. That is the crux of the whole deal; the leader of the opposition (Mr. Bennett) put his finger on it. The Minister of Fisheries can tell us that the reason the treaty fell down in years gone by was that the Americans could not see their

way to agree to give up the hold they had on our fisheries. They were getting 70 to 79 per cent of the total catch of fish running through Puget sound to the Fraser river, and they would not give way and divide fifty-fifty with us. That is the rock on which the preceding convention was wrecked. Now we have got down to this fifty-fifty division. That was the essence of the whole thing, and we are going to give that up. Whether the advantage now will inure to us or to the other side, I shall deal with in a moment. But when we were getting only 21 to 30 per cent of the fish and the Americans were getting the rest it was highly to our advantage to accept the treaty. Possibly we might be less concerned now if the Americans did not accept the treaty without these reservations, because they took out their traps in Puget sound in 1935 and 1936, and the result was that our catch went up from 21-30 per cent to 52½ per cent in 1935 and to 86 per cent in 1936. That of course reversed the situation. We are now taking the big end. If we had any guarantee of that continuing, which we have not, we would not need to be so concerned about fifty-fifty. If that is so, and if there is any reasonable probability of it continuing we have not so much to gain.

I have alluded to the Americans taking out their traps. They took out 219 on an average, and if our government would insist on the four or five which we maintain being taken out, there is every prospect that the Americans will ban trapping in Puget sound. They have just passed legislation to that effect in Washington. It is suggested that the 86 per cent caught by us last year was caused by natural conditions. That may be so; in any case we put our hand to the treaty on a fifty-fifty basis and I think we should stick to it. But that does not involve the substantial material change which the Prime Minister described last year as being very serious. I would have hoped that the negotiations would be continued to see if we could not get them to accept the treaty as it is.

There is another reason to pause in considering this treaty now. After all we are dealing with things as they are, and times change. We never dreamed for a moment at that time that Japan was going to take the attitude which is now threatened. They sent a huge steamer to Alaskan waters last year, carrying boats which would be equivalent to the dories used in cod fishing on the Atlantic, the steamer acting as the mother ship, and they fished and caught salmon galore. And there is nothing to prevent them practising the same method in these waters off Puget sound; in fact, it is suggested that they will do so. And they are subject to no treaty, no restrictions. The convention was that we shall control our nationals from fishing in certain waters and all the waters westward thereof. That takes in all across to China and Japan. But we cannot control or prevent nationals of other countries from breaking the provisions of the treaty.

I think we might be well advised to pause and see whether anything can be arranged with Japan, or change the treaty if she is going to pursue the same merciless policy that she pursued in Russian waters, observing no rules or seasons or anything but just cleaning out everything. If Japan is going to do that in our waters and in American waters there is no use making a treaty of this kind. And the same thing applies to British ships. It was suggested that a British boat was going to be sent to do the same thing—not necessarily under the auspices of the government, of course.

There is a side line in connection with the halibut treaty that we might follow up. Canada and the United States made the halibut treaty of 1923, but I find that the Washington people inserted a restriction, as they have in this. That restriction was to the effect that none of the nationals or inhabitants or vessels of any other British country shall engage in halibut fishing contrary to the provisions of that treaty. In other words the Americans said: We have made a deal with Canada, and Canada will control her nationals, but what about the British—they might send a boat around and engage in that fishery? Well, I have no doubt this understanding was agreed to at that time, but I am told they have passed a subsequent treaty in which that clause was not inserted. So I think it would be a good thing if in the treaty now forecast by the Prime Minister in regard to halibut we put in a clause binding the British in the same way. An example such as that makes us hesitate to bind ourselves for sixteen years when we can see no definite advantage for eight years certain. I address myself to business men. Suppose I had bought a house, had arranged price and terms and conditions, and sent my agent to close the bargain. Then he comes back and says "Yes, it is all right. I have signed, sealed and delivered the papers in your name, but you cannot have it for eight years." I would be inclined to say, "That is not the bargain I made. I prefer to wait and make a bargain with somebody else who will give me a house right away. At least I want to know what I am going to do, and I cannot tie up my whole future as far as this house is concerned for eight years, and trust that nothing may happen in that

period." If we can make a suitable treaty, if we can get the assent of our American cousins to the treaty which we adopted and they signed, by all means let us go ahead, forgetting even these objections I have mentioned. But if they do not agree to that and impose such an onerous condition as inaction for eight years, I do not know that we would not be better to leave the treaty unratified. We are not refusing to ratify it; we are only leaving it in the air, as they left it for so long. Conditions may change; a year or two from now the American government might be very eager to make this deal; two or three years from now we might be glad we did not make it. At least let us not deliver ourselves into this sort of bargain, when there is nothing to be obtained to our advantage for eight years after we sign it.

Mr. STIRLING: I think consideration will have to be given to the question of where control will lie during the eight years if we agree to these reservations. Under this convention a commission is set up, and that commission is given control. At the present time control is in the hands of Canada on one hand, and the United States on the other. If we give that control to the commission and the commission is told that it must not operate for eight years, in whose hands will control lie in the meantime?

Mr. MICHAUD: Control of what?

Mr. STIRLING: Of the fisheries.

Mr. MICHAUD: Of the quantity of fish that may be caught?

Mr. STIRLING: The whole question of the control of the fisheries.

Mr. MICHAUD: Control of the fisheries remains with the respective governments, where it is to-day.

Mr. STIRLING: But just as soon as we ratify this arrangement we hand control to a commission.

Mr. MACKENZIE KING: Only with respect to such matters as are specifically given to the commission.

Mr. STIRLING: Matters which now are dealt with by Canada.

Mr. BARBER: I think the objection we take to the treaty is occasioned by the delay of eight years. The Prime Minister has pointed out that the delay is to permit scientific investigations to be carried on during that period. We know that scientific investigation was carried on in Canada for eleven years; last session a report was made, and as a result of that report the sockeye hatcheries were closed. It may be a question whether it was wise to have that report made last year in view of the fact that this treaty was coming up, and questionable also whether or not action should have been taken based upon that report resulting in the closing of the sockeye hatcheries of British Columbia. I understand that hatcheries and matters having to do with the propagation of fish are supposed to be dealt with under this treaty.

Mr. MICHAUD: That was a report made by the biological board.

Mr. BARBER: They were scientists, just the same.

Mr. MACKENZIE KING: Might I just say in a word that the government takes the view that unless it is possible to get the two countries together to begin investigation and to initiate measures of conservation in connection with these great fisheries resources, there will after a bit be no fisheries industries left to talk about or fish to divide. The rate at which these resources are being exhausted is appalling, as shown by the figures I have given to the committee this afternoon. Unquestionably the choice lies between seeking to make a beginning by mutual agreement between the countries, in connection with methods of protection, conservation and extension of these fisheries, or allowing matters to continue to drift as they have been drifting for the past few years.

That is the position. Certainly the government wishes that in some particulars the agreement might have been a little different than it is, but from the inquiries we have made at Washington we are satisfied that as matters stand at present it would be impossible to get the senate of the United States to go further than they have gone in this matter. I imagine that these understandings were brought forward in the senate as a means of getting the convention approved and having a start made. It all depends on the faith one has in the good intentions of others as to whether one would say the understandings will be used to block what is of common interest, or interpreted in such a way as to further what is of mutual benefit. We believe it is to the mutual interest of both countries to preserve these resources.

Mr. NEILL: Would that not apply just the same if we did not have the eight-year period? I would trust them to use their judgment.

Mr. MACKENZIE KING: With regard to the eight-year period, I said previously that in the event of the house approving this resolution, in communicating with Washington the

fact that the resolution has been approved and that ratification may be agreed upon as a consequence, the government will state that at any time within the eight years we may wish to raise the question of regulations being promulgated at a much earlier date. If after the commission is appointed and the commissioners begin their work they find that it is desirable to promulgate regulations say within one or two years, and we have reason to believe that there is agreement between them to that extent, then we will immediately communicate with Washington and ask that further consideration be given the convention with a view to its modification or to the drafting of some new convention in the light of what has been demonstrated, through investigation, to be to the advantage of both countries. There is every reason to believe that if a proper case is made out it will be favourably viewed, but the main thing is to get the parties together and at least let them begin investigating and considering recommendations for their respective governments which will help conserve this great resource.

Mr. BENNETT: I think perhaps the Prime Minister has not quite followed the significance of the observations made by the hon. member for Yale. The Minister of Fisheries, I am afraid, has overlooked the fact that the moment this treaty comes into effect article V provides that all powers of prohibition and otherwise with respect to fisheries are vested in the commission. I am afraid I did not make myself quite clear. My difficulty is whether or not the regulating power provided for in the reservation or understanding will affect that in any way. The Minister of Fisheries was wrong when he said the Canadian government would have anything more to do with it. The moment this treaty comes into force article IV provides:

> The commission is hereby empowered to limit or prohibit taking sockeye salmon in respect of all or any of the waters described in article I of this convention, provided that when any order is adopted by the commission limiting or prohibiting taking sockeye salmon. . . .
>
> Any order adopted by the commission limiting or prohibiting taking sockeye salmon in the waters covered by this convention, or any part thereof, shall remain in full force and effect unless and until the same be modified or set aside by the commission.

The other article to which I also directed attention has to do with the powers of the commission, subject certainly to the point made by the hon. member for Comox-Alberni that there is no provision at all in the treaty for scientific investigation. The hon. member for Fraser Valley has just pointed out that after eleven years of effort we have completed that scientific investigation, but it is article IV that gives me concern.

I am afraid I did not make that quite clear. If the regulations are not to be promulgated until after eight years and the authority is vested in this commission immediately after the treaty comes into force, I wonder just what position we will be in. A moment ago the hon. member for Yale spoke to me about it before he mentioned it to the committee, and I said I did not know. Frankly I do not know. When the minister said the control rested with Canada obviously he was wrong. We are divesting ourselves of the responsibility and turning it over to the commission. If the commission is to do nothing, then real force is given to the points made by the hon. member for Comox-Alberni and the hon. member for New Westminster. That is my real difficulty about it.

Mr. MACKENZIE KING: As I understand it, the powers which already reside in our government with respect to matters of control of the fisheries will continue subject to regulations which may be promulgated.

Mr. BENNETT: No.

Mr. STIRLING: It is handed to the commission.

Mr. MACKENZIE KING: Certain powers to do certain things are given the commission, but those powers do not necessarily conflict with the powers of our own department.

Mr. BENNETT: I do not wish to interrupt, but the Prime Minister probably sees that the restriction on fishing is covered by the treaty. That power of restriction is vested in the commission, whereas our parliament has vested itself with the authority to authorize our people to fish in those waters.

Mr. MICHAUD: That power is vested in the commission only for the purpose of attaining the object of the treaty. The ultimate object of the treaty is to ensure an equal division of the fish caught by each country in Fraser river waters. In order to enable nationals of each country to attain that object there is a provision in article IV whereby:

> The commission is hereby empowered to limit or prohibit taking sockeye salmon in respect of all or any of the waters described in article I of this convention.

It is evident that article IV is for the purpose of bringing the catch on one side to the same level as that on the other, at a time of the year when normally the run would not be equally distributed.

Mr. BENNETT: Yes, but is that not done by regulation?

Mr. MICHAUD: Yes.

Mr. BENNETT: This regulation says there shall be no limit for eight years.

Mr. MICHAUD: Yes.

Mr. BENNETT: And that will clean out our fisheries.

Mr. MICHAUD: If we had no treaty that would continue to prevail.

Mr. BENNETT: For eight years there is to be no treaty.

Mr. NEILL: I say that is what we want, if there is to be no treaty for eight years, but I object to its being in existence and not operative.

Mr. MICHAUD: The equal division of the catch is not the only purpose of the treaty. I am afraid that is a misapprehension under which we have been labouring.

Mr. BENNETT: No, it is conservation on one hand and equality of catch on the other.

Mr. MICHAUD: Yes, and more than that, to bring back the run of sockeye on the Fraser river to the 1913 level, if possible. It is more than conservation. The purpose is to try to increase the quantity of fish in the Fraser river by investigating the possibilities of protecting breeding grounds and preventing the over-catch in American waters of fish coming up to breed in Canadian waters, where Canadians have their only chance of taking them. So considering the purpose behind the treaty, and the powers to be given to the commission, it must be admitted that unless there is some change it will not be possible for the commission to order an equal division of catch on the river. That is certain. However, in view of conditions as they prevail to-day, I am afraid that Canadians will not be the first to ask for a revision of the understanding.

The CHAIRMAN: Shall the resolution carry?

Mr. BENNETT: I think we shall have to say "on division," because I cannot bring myself to follow that part of it.

The CHAIRMAN: Shall I report the resolution?

Mr. BENNETT: Does the government propose to found a bill on it?

Mr. MACKENZIE KING: No.

Mr. BENNETT: It has no authority in law, then.

Resolution reported, read the second time and concurred in.

[Mr. Michaud.]

NON-RESIDENT INCOME TAX

CONVENTION BETWEEN CANADA AND THE UNITED STATES AS TO RATES AFFECTING INDIVIDUALS AND CORPORATIONS

Hon. J. L. ILSLEY (Minister of National Revenue) moved that the house go into committee to consider the following proposed resolution:

That it is expedient that the houses of parliament do approve of the convention entered into at Washington on the thirtieth day of December, 1936, by the government of Canada and the government of the United States of America, concerning rates of income tax upon non-resident individuals and corporations, and that this house do approve of the same.

Convention between Canada and the United States of America concerning rates of income tax imposed upon non-resident individuals and corporations. Signed at Washington, December 30, 1936.

The government of Canada and the government of the United States of America, being desirous of concluding a reciprocal convention concerning rates of income tax imposed upon non-resident individuals and corporations, have agreed as follows:

Article I

The high contracting parties mutually agree that the income taxation imposed in the two States shall be subject to the following reciprocal provisions:

(a) The rate of income tax imposed by one of the contracting states, in respect of income derived from sources therein, upon individuals residing in the other state, who are not engaged in trade or business in the taxing state and have no office or place of business therein, shall not exceed five per centum for each taxable year, so long as an equivalent or lower rate of income taxation is imposed by the other state upon individuals residing in the former state who are not engaged in trade or business in such other state and do not have an office or place of business therein.

(b) The rate of income tax imposed by one of the contracting states, in respect of dividends derived from sources therein, upon non-resident foreign corporations organized under the laws of the other state, which are not engaged in trade or business in the taxing state and have no office or place of business therein, shall not exceed five per centum for each taxable year, so long as an equivalent or lower rate of income taxation on dividends is imposed by the other state upon corporations organized under the laws of the former state which are not engaged in trade or business in such other state and do not have an office or place of business therein.

(c) Either state shall be at liberty to increase the rate of taxation prescribed by paragraphs (a) and (b) of this article, and in such case the other state shall be released from the requirements of the said paragraphs (a) and (b).

(d) Effect shall be given to the foregoing provisions by both states as and from the first day of January, nineteen hundred and thirty-six.

Article II

The provisions of this convention shall not apply to citizens of the United States of America domiciled or resident in Canada.

Article III

This convention shall be ratified and shall take effect immediately upon the exchange of ratifications which shall take place at Washington as soon as possible.

Signed, in duplicate, at Washington by the duly authorized representatives of Canada and the United States of America, this thirtieth day of December, in the year of our Lord, one thousand nine hundred and thirty-six.

For Canada:

(L.S.) Herbert M. Marler
Envoy Extraordinary and Minister Plenipotentiary

For the United States of America:

(L.S.) R. Walton Moore
Acting Secretary of State

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

Mr. ILSLEY: Mr. Chairman, I do not believe I need enter into a long explanation of the convention standing in my name as a resolution on the order paper. It is one between Canada and the United States of America concerning rates of income tax imposed upon non-resident individuals and corporations, and was signed at Washington on December 30, 1936. In May of last year the United States authorities made certain alterations in their income tax law by which it became necessary for persons remitting certain dividends and other forms of income to non-resident aliens to deduct 10 per cent therefrom and pay it to the United States government.

Since 1933 Canada has had a provision in its income tax legislation by which five per cent is deducted from certain dividends and interest being remitted to non-resident aliens. The result was—

Mr. BENNETT: —that we got several millions of dollars in income tax.

Mr. ILSLEY: Yes. After the passing of the amendment in the United States the result was that more was deducted from incomes of residents of Canada derived from sources in the United States than was deducted from incomes of residents of the United States derived from sources in Canada. Representations were made by and on behalf of this government, at the time the bill was under consideration in the United States, that the deduction should be five per cent in the case of residents of Canada so that it would be the same as the deduction made here. Before the bill actually became law a change was made in it providing for a treaty with countries contiguous to the United States, the effect of which might be to reduce the deduction to five per cent. I read the following from an explanation of the United States Revenue Act of 1936:

In the case of foreign corporations subject to taxation under this title not engaged in trade or business within the United States and not having any office or place of business therein, there shall be deducted and withheld at the source in the same manner and upon the same items of income as is provided in section 143 a tax equal to 15 per centum thereof, except that in the case of dividends the rate shall be 10 per centum, and except that in the case of corporations organized under the laws of a contiguous country such rate of 10 per centum with respect to dividends shall be reduced to such rate (not less than 5 per centum) as may be provided by treaty with such country;

Mr. LAWSON: Is that section 232 of their act?

Mr. ILSLEY: I am reading from the explanation of section 144 of their act. If hon. members will refer to the convention, they will see that clause (a) reads as follows:

(a) The rate of income tax imposed by one of the Contracting States, in respect of income derived from sources therein, upon individuals residing in the other State, who are not engaged in trade or business in the taxing State and have no office or place of business therein, shall not exceed five per centum for each taxable year, so long as an equivalent or lower rate of income taxation is imposed by the other State upon individuals residing in the former State who are not engaged in trade or business in such other State and do not have an office or place of business therein.

The effect of that is that on dividends remitted from the United States to Canadian corporations not engaged in trade or business within the United States, and not having any office or place of business in the United States, the rate is five per centum and not ten per centum.

Mr. BENNETT: The same as the Canadian rate.

Mr. ILSLEY: The same as the Canadian rate. Section 211 of the Revenue Act, 1936, of the United States refers to non-resident alien individuals. Subsection (a) reads:

There shall be levied, collected and paid for each taxable year, in lieu of the tax imposed by sections 11 and 12, upon the amount received, by every non-resident alien individual not engaged in trade or business within the United States and not having an office or place of business therein, from sources within the United States as interest (except interest on deposits with persons carrying on the banking business), dividends, rents, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, or other fixed or determinable annual or periodical gains, profits, and

incomes, a tax of 10 per centum of such amount, except that such rate shall be reduced, in the case of a resident of a contiguous country, to such rate (not less than five per centum), as may be provided by treaty with such country.

So far as the United States is concerned, this treaty is made under authority of that section. The treaty reduces the deduction from ten per centum to five per centum in the case of remittances from United States sources to individuals residing in Canada. It will be noted that this applies not only to dividends but to various forms of income in the case of individuals, and to dividends only in the case of corporations. This reduction will be beneficial to residents of Canada, but it will be particularly beneficial to the government of Canada. The government has been the heaviest loser by the ten per cent deduction on the part of the United States government. A person paying an income tax to the Canadian government is entitled to deduct the amount paid to the United States government. If the income tax is equal to or greater than the ten per cent deduction, the whole loss comes out of the treasury of the dominion. That being so, the benefits of this convention will inure partly to the Canadian resident and partly to the Canadian government.

Mr. BENNETT: Not much to the government; more to the individual.

Mr. ILSLEY: I am not so sure about that. I have not made any computation, but it would all come out of the government if the income tax levied in Canada is equal to or greater than the deduction made in the United States.

Mr. BENNETT: A man paying an income tax of $200 can deduct $50 if that is the amount the United States government has taken at the source, but it would be difficult to conceive of a man having such investments in the United States that five per cent of the income thereon would be equal to the income tax paid in this country.

Mr. ILSLEY: I discussed that point with the commissioner and he tells me that there are many such cases. Our tax here is an income tax upon which there are certain exemptions, but the tax there is a gross tax upon the remittances to this country. In many cases it may exceed the income tax paid to the Canadian government. However, that is a minor point. So far as I can see, this convention is to the advantage of Canada. We are not extending any particular concessions to the United States, but the United States is now doing for us just exactly what we have been doing for them since 1933.

[Mr. Ilsley.]

Mr. BENNETT: We could not place our rate at ten per cent without discriminating against the United States. It was felt that a rate of ten per cent was too high to be imposed upon British investments in this country. My hon. friend will remember that when he was in opposition there was considerable discussion whether or not there was any warrant for the tax. Many people complained bitterly about it, although in England they impose such a tax at the source. To avoid being discriminatory, we are making the five per cent tax apply to all remittances made to this country. This has brought in a very large sum of money, especially with respect to bearer bonds and things of that kind.

Mr. ILSLEY: Briefly, that is the explanation of this convention, but I shall be glad to answer any questions.

Mr. LAWSON: There are two or three things I had in mind in connection with this convention, but some of them have been dealt with by the minister in his preliminary explanation. I note that paragraphs (a) and (b) of the convention provide that the rates of income tax imposed by the contracting parties shall be so and so. Paragraph (a) relates to the tax to be imposed upon individuals, while paragraph (b) refers to non-resident foreign corporations. As I understand it, the United States act fixes the tax on all income leaving the United States for a foreign country. That is set at 10 per cent in respect of dividends and interest, and 15 per cent in respect of other income.

Mr. BENNETT: Deductible at the source.

Mr. LAWSON: I have not read the American act for some three or four months, but I understand that in the case of a contiguous or adjoining country discretionary power was given to the president to reduce the rate in respect of dividends only to five per cent. I am speaking from recollection when I make that statement. This convention deals with the rates of income tax to be imposed by the contracting states. Will it not be necessary to have legislation of the house of representatives and the senate of the United States to bring this convention into effect, as the discretionary power vested in the president is limited to dividends only? That is the first point I have in mind.

Mr. ILSLEY: This convention is a treaty within the meaning of the constitution of the United States, and must be ratified by the senate.

Mr. LAWSON: Oh, this is a treaty.

Mr. ILSLEY: Yes.

Mr. BENNETT: It is a convention, not a treaty; because you see it does not run in the name of the head of the state; it runs in the name of the government.

Mr. LAWSON: That is very confusing to me, because it is called a convention.

Mr. BENNETT: It is a convention. That is the distinction between it and the halibut treaty. One is in the name of the head of the state; the other is in the name of the government.

Mr. ILSLEY: The United States provides for the reduction by treaty, and this is regarded as a treaty and as requiring ratification by the senate of the United States.

Mr. BENNETT: That is the reason, I take it.

Mr. ILSLEY: Yes.

Mr. BENNETT: It is not a treaty.

Mr. LAWSON: There is no distinction between a non-resident foreign corporation and an individual, because if the whole matter is a treaty and has to be ratified by the senate, then irrespective of what the present provisions of their act may be this provision will supersede it?

Mr. ILSLEY: Yes.

Mr. LAWSON: The next point I want to raise is this. The persons who may get the benefit of this, both (a) and (b), read "who are not engaged in trade or business" in the taxing state "and do not have an office or place of business therein." There has been a great deal of feeling, shall I say, on the part of many Canadians because of the attempt of the United States to tax them on stock transactions which they have had in the United States in respect of which they are assessed income tax by the United States because of capital gains made in one year, which may never have been drawn; the transactions in truth and in fact may have resulted not in any profit but in a serious loss; and that applies to a substantial number of Canadians. The United States government did hold that by the very purchase and sale of stock on a United States stock exchange one was engaged in trading or business in that country, and if this convention were worded differently than it is, and but for the conjunction "and" before "have not an office or place of business therein," I would not have difficulty. May I take it that if this convention is passed, one will not be carrying on trade or business in the United States unless one has therein an office or place of business?

Mr. ILSLEY: I am not sure that I understand the hon. gentleman's question. The matter of taxing individual gains made on the stock market is not within this convention at all.

Mr. BENNETT: Quite.

Mr. ILSLEY: As I understand the point made by the hon. member he is objecting to the wording thinking that in some way persons in Canada who speculate on the New York stock exchange will be deemed to be carrying on trade or business within the United States.

Mr. LAWSON: Yes.

Mr. ILSLEY: And that therefore the reduction of the ten per cent to five per cent will not apply in the case of such persons?

Mr. LAWSON: Right.

Mr. ILSLEY: The information I get is that it is not expected that it will be held that such persons are carrying on trade or business within the United States. We take that view.

Mr. LAWSON: That seems rather obscure and indefinite, does it not, in view of the wording of your convention? Let me assume that I, as an individual, buy and sell stock in the United States and have two or three transactions in one year. I want to know, does this convention apply to me? I am a Canadian resident in Canada. In order to know it, I read that I am exempt from the regular rate of income tax in the United States and that I am subject to a five per cent deduction only if I am not engaged in trade in the United States. That is number one. And number two: if I have no office or place of business therein. Now I say, surely that was not intended. Must it not have been the intention, and should this not read, "who are not engaged in trade or business in the United States unless they have an office or place of business there"?

Mr. ILSLEY: All I can say is that it is the view of the Department of National Revenue and of myself that the purchase and sale of stocks on a stock exchange in the United States would not constitute engaging in trade or business in the United States.

Mr. LAWSON: But is it their view?

Mr. ILSLEY: We anticipate that there will be no difficulty about this. I want to point out that there is nothing that could be done in drawing the convention that would meet that situation. The convention had to follow the wording of the United States statute. The United States statute, sections

211 and 143, stated the sort of treaty that could be made. The wording is taken from the United States statute, and the draftsman of the convention could not state it in any words other than the words that are used there. All I can say is that our interpretation of these words is that buying and selling of stocks is not engaging in a trade or business, and that we anticipate that that also will be the interpretation of the United States.

Mr. BENNETT: But is that quite the point?

Mr. ILSLEY: I think it is.

Mr. BENNETT: This convention deals only with two things. It deals with the income derived from any source, and it deals with dividends. It deals with an income tax based upon an income from any source and from an income derived from dividends. I can cite a case. I had 117 shares of a particular kind of stock in the United States. I have since sold it so I can speak about it. On that they took at the source ten per cent. Under this statute they will take only five per cent.

Mr. ILSLEY: Yes.

Mr. BENNETT: That is all there is about it.

Mr. ILSLEY: Right.

Mr. BENNETT: That is all this convention touches—just that.

Mr. ILSLEY: Yes.

Mr. BENNETT: But the point made by the hon. member for York South (Mr. Lawson) is an entirely different one. The question is whether or not the embarking on transactions on the stock exchange and deriving a profit therefrom does not render the stock holder liable to taxation, whether the profit be either capital gain or otherwise. If it is capital gain they say they tax you—and that is all there is about it.

Mr. LAWSON: And I say they should not.

Mr. BENNETT: Well, we have no control over that at the moment. I remember that the issue arose sharply; it was started in the United States, not here.

Mr. ILSLEY: The United States since 1936 does not tax capital gains.

Mr. BENNETT: No, they have stopped it. But these cases referred to by my hon. friend are cases where Canadians are harassed on capital gains they made in the United States during the years that capital gains were taxed. I have not followed what happened to them, but they were a great deal worried in 1935 and asked to have the matter presented to the government of the United States because they said "We have no business in the United States." And finally the United States drew a sharp distinction between the transaction that my friend might have carried on here through his broker in Toronto, utilizing an American agent, and transactions which he carried on direct with a broker in New York, and there is a clear distinction between the two. In the one case there was never any deposit of moneys to his credit in the New York office; it was all through the Canadian office, and in that case the situation was clear. But if, on the other hand, he embarked on stock market transactions in the United States and made capital gains, the contention was that those gains were liable to taxation because they were profits made in the United States without the intervention of any Canadian house between him and the profit. They drew that distinction clearly—at any rate that is my recollection of what they did.

Mr. ILSLEY: I am advised that they were not taxed because the Canadian was carrying on business or engaging in business in the United States, but because he was making a profit in the United States.

Mr. BENNETT: Quite.

Mr. ILSLEY: I understood that the point made by the hon. member for York South was a little more subtle than that.

Mr. BENNETT: Of course it is.

Mr. ILSLEY: I thought he was making this point, that if the leader of the opposition is drawing an income from the United States, and they ascertained that he bought or sold a share or two on the New York stock exchange, that would disqualify him from taking advantage of the five per cent and would put him in the ten per cent class. I do not think there is anything to be apprehended in that regard. I think that is a purely groundless fear.

Mr. LAWSON: Paragraph (c) reads:

> Either state shall be at liberty to increase the rate of taxation prescribed by paragraphs (a) and (b) of this article, and in such case the other state shall be released from the requirements of the said paragraphs (a) and (b).

In other words the convention may be nullified at any time by either party. Will there be founded on this resolution a bill in which discretionary power will be vested in the minister or somebody else to exercise this right of repudiation? If not, how can you acquire the right to do it in Canada?

Mr. ILSLEY: It will have to take its ordinary course.

Mr. LAWSON: And its ordinary course means doing nothing until parliament meets again.

Mr. ILSLEY: That is the intention.

Mr. LAWSON: That is one of the very reasons why Canadians have been subject to a deduction of ten per cent, whereas United States citizens have only been subject to a deduction of five per cent on money leaving this country. I presume nothing could be done about it by pressure on the United States government to change the situation until such time as this parliament was in session; hence this convention. Would it not be wise so to amend the appropriate act that the minister might have discretionary power to deal with the matter between sessions, or to have it done upon recommendation of the minister by order in council, instead of having to wait for another session of parliament to take action if difficulty arose?

Mr. BENNETT: I was going to mention a point I raised in the discussion of the preceding convention. I am rather inclined to think it would be desirable to found a bill on the resolution. It will be recalled that in 1930 we discussed this question when the fisheries convention was under consideration. That was a treaty but we called it a convention at that time and founded a bill upon the resolution. If we desire to take any action predicated upon this resolution it must be crystallized into legislation to enable us to do so. There is no necessity for legislation so far as the five per cent rebate is concerned, and the mutuality of arrangement, which is covered by the treaty. But if we desire to take domestic action in connection with enforcement we have to do it by virtue of legislation, because that is the form in which we give a sanction, if I might use that word without offence, to the provisions of the treaty itself—the convention. If the minister will look at the statutes of 1930 he will see how far we had to go to provide for that situation. It is always desirable to have in the statutes of Canada provision for any action that may be taken by any Canadian department of state for the purpose of carrying into effect the provisions of a convention. It is quite clear that as between the two countries it is unnecessary; but for domestic enforcement with respect to our own citizens there must be a statute, as my colleague has suggested.

Mr. MACKENZIE KING: With regard to the necessity of statutes, my right hon. friend a moment ago quoted an authority; was it from Todd.

Mr. BENNETT: No, McNair's edition of Oppenheim.

Mr. MACKENZIE KING: I should like to quote Todd, on Parliamentary Government in England, volume 1, page 365, under the caption "The right of making treaties.":

> It is a peculiar function of sovereignty to make treaties, leagues and alliances with foreign states or princes; and by the law of nations it is essential to the validity of a treaty that it be made by the sovereign power, for then it binds the whole community. In the British empire this sovereign power is vested exclusively in the crown, acting under the advice of its responsible ministers.

This is the part to which I wish to direct attention:

> Whatever engagements or contracts the sovereign enters into, no other power within the kingdom can legally delay, resist, or annul; although the king's ministers are responsible to parliament for their participation in the conclusion of any treaty derogatory to the honour and interests of the nation.

The making of treaties carries with it surely all that is necessary in the way of giving it enforcement, unless there are some specific acts which the treaty calls upon the state to perform, and which require additional legislation.

Mr. BENNETT: As to the question of the state being bound as such, in honour or otherwise, to implement its undertakings, as indicated by the document, call it a convention or a treaty, there is no question as far as the other country is concerned. But if the treaty contains provisions that involve the possibility of action being taken in regard to our own citizens it is the practice to crystallize it into legislation. The minister will recall the discussion we had. If he will look at the treaty of 1930—I mention that as an illustration—

Mr. MACKENZIE KING: I remember it.

Mr. BENNETT: —he will recall that it made provision to deal with our own citizens. If I might express an opinion, I thought possibly it might be better to have legislation in this case; I am not clear about it. But if it does contemplate any action being taken by the minister or by any department of state against Canadian citizens within Canada for the enforcement of its provisions, it should be crystallized into legislation.

Mr. ILSLEY: That has all been gone into carefully, and the commissioner of income tax advises me that he does not think that any

compulsory action against any citizens of Canada will be necessary, at least of a character that would require enabling legislation. They are filing income tax returns with us, and we get all the information in that way without further enabling legislation. That is the considered view of the commissioner.

Mr. BENNETT: This convention has not yet been ratified by the United States?

Mr. ILSLEY: No.

Resolution reported, read the second time and concurred in.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

ROYAL COMMISSION ON TAXATION

SELECTION OF PERSONNEL AND SETTLEMENT OF TERMS OF REFERENCE

On the orders of the day:

Mr. R. A. PELLETIER (Peace River): Before the orders of the day are called I should like to address a question to the Prime Minister. On February 16 last the Prime Minister made the following announcement to the house:

> . . . we propose to appoint a royal commission of inquiry to investigate the whole system of taxation in the dominion.

Will the Prime Minister be good enough to say whether the members of this commission have already been selected, and if so, who they are?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I might answer in the one word "No" the question whether the members have been appointed. They have not. I might say to the hon. member, however, that the government have been giving very careful consideration to the personnel and the terms of reference of the commission. My hon. friend will realize that it is not a matter merely of deciding upon whom the government would wish to have serve on the commission; it is necessary to ascertain whether the persons desired are available. This takes a little time, and I am afraid that until after prorogation it will not be possible to settle finally either the personnel or the terms of reference. It is one of a number of matters that will perhaps have to be more carefully considered once we are through with the business of the house.

THE PARLIAMENTARY GUIDE

On the orders of the day:

Mr. A. A. HEAPS (Winnipeg North): The other day reference was made in this chamber to the distribution of The Parliamentary Guide. I notice this afternoon that the guide has been distributed to the members of this house. I should like to know if there is any item in the estimates providing for such distribution, and if so, whether such item has been passed.

Hon. C. A. DUNNING (Minister of Finance): I do not know anything about it, but I will take note of my hon. friend's question.

Mr. HEAPS: Objection has been taken in past years to the distribution of the Guide to the members, and I was under the impression that no more were to be distributed to them. If such is the case I should like to know who gave authority for this distribution.

Mr. DUPUIS: Is the hon. member objecting?

Mr. HEAPS: I certainly am.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The matter might be looked into, and if there is any information I can give my hon. friend later, I shall be very happy to do so. At the moment I know nothing about the distribution of the Guide.

Hon. J. E. LAWSON (York South): In view of the statement of the Prime Minister I would suggest to him that it might be enlightening were he to read the statement of his Secretary of State given to the house the day before yesterday, from which we understood that the reason there had not been distribution was because there had been a failure to provide for payment in the estimates of this session.

Mr. MACKENZIE KING: I shall be very glad to do that.

BUSINESS OF THE HOUSE

FURTHER LEGISLATION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): I promised the right hon. leader of the opposition (Mr. Bennett) that I would make a statement to-day as to the further bills to be brought down by the government before the end of the session. I might say that owing to the necessity of having

either prorogation or some weeks' adjournment before very long the government has sought to curtail its legislative program from now on as much as possible. If it should be found impossible to conclude what is already before the house and appears on the orders of the day, and such additional measures as I shall mention now, before prorogation or an adjournment which would permit of the house continuing later on in the summer, of course we would wish to be free to bring forward further legislation. That may have to be considered, but I do not expect it will be necessary. At the present time our intention is simply, in addition to what is already on the order paper or indicated by what we have already had before us, to introduce a bill to approve the new halibut convention signed at Ottawa, January 30, 1937, amending the existing convention of 1922 and 1930, a bill respecting the guarantee of seed grain loans, a bill respecting the stores of the Department of Transport, a minor amendment to the Immigration Act, and supplementary estimates for the fiscal year 1937-38. As to whether or not legislation will be necessary with respect to the agreement with Germany, I cannot say at the moment. I prefer that that matter should be left over for decision until the hon. Minister of Trade and Commerce who negotiated the agreement is back in the city. I expect he will be here on Monday next. I cannot say whether there will be any legislation arising out of the reports of committees, up to the present there does not appear to be any. That includes, I think, all that the government propose to bring down.

Mr. C. G. MacNEIL (Vancouver North): Does the legislative program outlined by the Prime Minister preclude any consideration of steps by the government to implement the recommendations of the Veterans' Assistance Commission?

Mr. MACKENZIE KING: I expect the Minister of Pensions and National Health (Mr. Power) will be here next week, and I shall direct his attention to my hon. friend's question, and have an answer given later on.

CORONATION POSTAGE STAMPS

On the orders of the day:

Mr. THOMAS REID (New Westminster): I should like to direct a question to the Postmaster General (Mr. Elliott) in regard to the issue of coronation stamps. I understand that only one denomination of stamp is going to be issued. In view of the demand for the stamps and the fact that this is coronation year in most of the countries of the world, would the Postmaster General care to make a statement? I would point out that by the issue of a full complement of stamps we should on a conservative estimate stand to make half a million dollars. That is the financial aspect. The other is that a complete series of stamps for the coronation should be issued in commemoration of the occasion.

Hon. J. C. ELLIOTT (Postmaster General): There will be only one stamp issued as a coronation stamp. That has been the practice in the old country, and this is the first time a coronation stamp is being issued in this country.

TRANS-CANADA AIR LINES

ARRANGEMENT WITH CORPORATION RESPECTING LINES AND SERVICES FOR TRANSPORT OF PASSENGERS, GOODS AND MAILS

Hon. C. D. HOWE (Minister of Transport) moved the second reading of Bill No. 74, to establish a corporation to be known as Trans-Canada Air Lines.

Mr. H. C. GREEN (Vancouver South): Before the motion is put I should like to say a few words on this bill. I believe that Canadians in every part of the nation are keenly interested in the establishment of a trans-Canada air service. For this reason, and also because the terms of the bill have only been available for a day or two for study by members of the house, the press and the public, I think we should give the principles of the bill full and careful consideration.

This is one bill that should not be rushed through the house. It is one of the most important to come before parliament not only during the present session but during the life of this parliamcnt, because it lays down an air transport policy for Canada. Such a policy is bound to be a long term policy; I think the minister will agree with me in that. Once such a policy has been adopted it will be hard to change, and we do not want to make any mistake at the start.

Incidentally, this bill seems to change the air policy which Canada has followed in the past and which we have been led to believe would be followed in the future, in that it puts the government into the actual business of operating our main airways. I will admit that at first such operation is indirect, through the Canadian National Railways, but provision is made for the government to take over the trans-Canada air lines at any time, which of course would mean direct government operation. The old Canadian air policy was that the government should supply the

aids to navigation leaving private companies to conduct the actual flying operations and to take the lead in extending flying in Canada.

Personally I am heartily in favour of the establishment of a trans-Canada air service at the earliest possible date. Last year I advocated the adoption by Canada of a bold, progressive air policy, because it would do much to draw the different parts of our nation together, and because the Canadian people are a progressive people, greatly interested in flying, and such a policy would do much to hearten them. But I have doubts with regard to the air policy now announced, and I should like the minister to explain two or three aspects of the air policy which is being established by this bill before it is given second reading.

First I would ask the minister to explain why the government does not take the lead by organizing this new trans-Canada air line itself, instead of placing the burden on the Canadian National Railway, which already has all it can handle in connection with railway problems. In this bill the government actually asks the Canadian National to give the leadership that is required in developing Canada's air policy. It may be wise for the Canadian National and the Canadian Pacific to have an interest in the new trans-Canada air line, perhaps a controlling interest, but I suggest that it is unfair to make the Canadian National responsible for the success of this new company. After all, our Canadian National Railway is doing its job of railroading and doing that job very well, but it is not organized to set up an air transportation system or to organize and supervise any such system. The railway has no department for air service; it is not in a position to decide who is to control this new line, how it is to be managed, how it is to be operated and so on; yet this bill places that burden on the Canadian National.

The bill goes further; it asks the Canadian National to establish a competitor. This air company will compete with the railways in the most direct way possible. It will compete with the main line of the Canadian National; it will serve the same part of Canada. It will compete not only in passenger traffic but also in the carriage of goods. It is not clear whether or not the bill covers freight as well as express, but as it is worded I think it might cover both. The air company will also be competing in the carriage of mail, which is probably even more important to the railways than the competition for the carriage of passengers and goods.

It would not be so bad if the minister could assure the house that any air company or companies already operating successfully and on a reasonably large scale are prepared to cooperate and take an active part in the formation of this trans-Canada air line, in directing the operations of the new company and in giving the leadership that will be required. Apparently such is not the case. In introducing this bill the other evening the minister said, at page 2042 of Hansard:

> The Canadian National Railways will underwrite, in the first instance, the stock of this company and distribute it among firms at present engaged in aviation in Canada which wish to participate.

That does not sound as though any of these air companies now operating are prepared to come in and make this new air company work. It would seem that the government only hopes that the Canadian National will be able to persuade such company or companies to cooperate. I cannot emphasize too strongly the importance of having at least one of our real air companies participating actively and having a real voice in the management of the new Trans-Canada Air Lines, because the record of these companies shows that with their leadership we may expect not only prompt action, which is very important, but also a bold, progressive policy.

In support of that statement I should like to refer to what these private companies have actually done in Canada during the last few years without any government assistance other than a subsidy for the carriage of mails. These are the approximate figures in regard to the services rendered by private air companies in Canada. In 1933 they carried about 539,000 pounds of mail. In 1936 that figure had jumped to 1,500,000 pounds. In 1933 they carried 85,000 passengers. I have not the figure for 1936, but by 1935 the number had more than doubled for that year they carried 177,000 passengers. In 1933 they carried 4,000,000 pounds of freight, and it is estimated that in 1936 they carried 27,000,000 pounds; in other words, in those four years the amount of freight carried increased to six times the earlier figure. In short, Mr. Speaker, these private air companies have opened up a new Canada for us in our north country. I submit to the minister that unless there is a real company actually ready and willing to cooperate, this bill will set up a trans-Canada air line which will be without life, without any punch, and which will not be in a position to give real leadership. Really it will be just a sort of hybrid organization in which there will be none of the initiative we would get in a trans-Canada air line operated by a private company experienced in

the business of air transportation. After all, in promoting air services, whether in Canada or any other country, a great deal of initiative is necessary, far more than is required in any ordinary line of development.

Then I think the minister should explain why the British plan would not work in Canada. As I understood his explanation to the house the other night, in Great Britain the government works through Imperial Airways, which is a private company subsidized by the government. I believe the British government owns about 25 per cent of the shares, and is able to say what service will be given, what routes will be flown, what schedules will be maintained, and so on. Here in Canada we already have several air companies. Mind you, I do not stress one more than another, but we have, for example, Canadian Airways Limited, with a splendid operating record. The Canadian National and the Canadian Pacific each have invested $250,000 in this company. Why does not the government pick out one of our Canadian air companies and then back it up? We are going to subsidize the new company in any event. It seems to me that the government is much too worried about the number of air companies in Canada. Referring again to page 2042 of Hansard, the minister said:

> It might be argued that the government should do this direct, but I think everyone here will appreciate the impossibility of working out a plan involving a great number of competitors. . . .

Why should there be a great number of competitors? Why cannot the government adopt the British plan, pick out one company and subsidize it, and see that this company does its job properly? Surely it would be possible to arrange with one of these companies for supervision and control by the government. I have no doubt the government could even arrange to have directors on the board, just as it proposes to do in regard to the new company set up under this bill, and could arrange for a restriction on share transfers, for the right to the government to buy all the shares and for the strict limitation of profits.

I should also like the minister to explain whether the new company is to do the actual flying, or whether it is to engage other companies to do it? There is some doubt left by the bill; I would refer the house to paragraph (a) of section 13:

> The corporation is authorized (a) to establish, operate and maintain air lines or regular services of aircraft, of all kinds, to carry on the business of transporting passengers and goods by air, and to enter into contracts for the transport of mails, passengers and goods by any means, and either by the corporation's own aircraft and conveyances or by means of the aircraft and conveyances of others. . . .

In either case there is small incentive to a privately owned air transport company to furnish capital for the new company; and also if the intention is that private companies are to do the actual flying they will have to do it at a profit, and there will be no such thing as a national service at or near cost, as promised the other night by the minister.

Finally I would ask the minister to explain how much of the capital of $5,000,000 is to be found by the government acting through the Canadian National Railway; how much the minister expects to have subscribed from other sources, and from what other sources he hopes that capital will be subscribed? I believe the house is entitled to the information before it adopts the principle of the new bill, the effects of which will be so far-reaching. These questions have been puzzling me and, I believe, many other Canadians. I hope the minister will answer because my questions are asked not with any idea of annoying him or the government or in any spirit of partisanship, because I believe the trans-Canada air system should be kept above party politics. They are asked simply because I want to see our trans-Canada air lines a great success and an inspiration to the Canadian people.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, there are one or two further questions I should like to ask. I agree with the hon. member for Vancouver South (Mr. Green) that it does seem a very awkward arrangement to ask an already overburdened railway company to carry out the organization. In fact, it seems to me that we are getting so many commissions of one kind or another that it is difficult for us definitely to place responsibility. I believe that is a much needed requirement. However, instead of looking to private companies and private initiative as the hon. member suggests, I cannot see why the government could not undertake a service of this kind, not through a separate department but rather through the formation of a commission.

Last session we revised the set-up of the broadcasting commission. I suppose the new set-up is of too recent date for us to judge as to its success or failure, but it does seem to me that in many respects the problem connected with broadcasting is very similar to that of the air lines. It is a new kind of service, one which may compete with an existing service, one which covers the whole country and in connection with which there

must be more or less of a monopoly. Further it is a service so intimately related to the whole life of the country that it seems to me it must in the long run necessarily come under government control. So I cannot see why at this stage, rather than with great effort later on, we should not set up a distinct body under government control to initiate and, if necessary, to operate or at least to regulate flying.

Again, I notice the government must subsidize the corporation's deficits during the initial period, but the initial period is not definitely stated. I notice, however, that according to paragraph (g) of section 14 the term of the contract shall be not less than ten years.

Mr. BENNETT: The definition appears in paragraph (g) of the interpretation section.

Mr. WOODSWORTH: Does it mean that the subsidy covers a period of ten years?

Mr. BENNETT: The period ends December 31, 1939.

Mr. WOODSWORTH: It does seem to me that if the country is to be called upon to subsidize the air lines to the extent of the deficit, there is no reason whatever why the government ought not to be granted shares in that company, at least to the extent of the subsidies. I would go further than that, because after all the government is virtually giving a very valuable franchise, and something which is really in the nature of a monopoly. I cannot see why the government should not own the majority of the stock. Surely the lessons we have learned from railway building have taught us that the people, through the government, ought not only to retain control but maintain a controlling financial interest in the corporation.

These are matters upon which from a reading of the bill I am not very clear. Before the principle of the bill is accepted I should like to hear a full explanation from the minister.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I confess I have read the bill with sympathetic consideration of the difficulties of the minister on the one hand, and an endeavour to see what could be done to protect the public interests, on the other. On the second reading of a bill we are supposed to accept or reject the principle. It is improper to consider the bill section by section, and it is contrary to the rules to endeavour to relate one section to another. We are supposed only to discuss what we call the principle of the measure.

What are the principles of this measure? From a careful reading of it I have endeavoured to summarize them, and I would say the first principle is that a corporation is to be created by the government of the country, which corporation is to have a capital of $5,000,000, the provisional directors being employees of the crown at Ottawa. That is principle number one.

The second principle is that the shares thus authorized by parliament are to be sold by the corporation through indirect, not direct, methods. In other words the Canadian National Railways are to underwrite the issue. They are not to underwrite in the sense in which the term is used in business, namely, to become absolutely responsible, between the crown and the railways for $5,000,000, but to be charged with the responsibility and at the same time have the opportunity to sell these shares. That is principle number two.

Principle number three arises out of the statement of principle number two. I regard that as being somewhat difficult to understand and appreciate. It permits the Canadian National Railways to underwrite and dispose of the shares. Perhaps I should read the section applicable:

> The shares of the capital stock of the corporation shall be offered for subscription to the Canadian National Railway Company, and in the event of non-subscription of any of the said shares by the said company such shares not subscribed for shall be offered for subscription to such other persons engaged or interested in aviation as are approved by the minister.

I venture to suggest that hon. members of this house will find it very difficult to find another measure of this kind which has been submitted for their consideration. First of all, the Canadian National and the Minister of Transport are one and the same thing to all intents and purposes. I am sorry to say that that is so, but it is. There never has been a more complete domination of an enterprise than that of the minister over the Canadian National at the present time. That being so, he is offering to himself in another capacity the shares of the enterprise. He says: Do you want them or not? Inasmuch as that involves a capital expenditure, Mr. Hungerford as director will say to the minister: As this is a capital expenditure and as we have not the money, will you tell us whether or not we can subscribe for them because you have to find the money? Whereupon the minister says: Certainly. That means the Dominion of Canada finds the money; that means the minister, as Minister of Transport,

finds the money. That principle is there and you cannot get away from it. Is that a sound principle?

I have asked myself a dozen times why the minister has not said at once that the Dominion of Canada is going to subscribe for these $5,000,000 of shares, instead of saying that five men in the public service shall be created into a corporation and they shall offer to the Canadian National Railways, which administratively is a part of the Department of Transport, the shares of the air corporation. The only answer the railways can make is: We want them if you will give us the money to pay for them. The minister then says: I will give myself the money in another capacity to subscribe and pay for the shares.

Let us go to the next principle. If he concludes that he will not sell the shares to himself or provide the money with which to buy them from himself he then says: I am going to offer them for sale. But to whom does he offer them? Not the public. He offers them to other persons engaged or interested in aviation, approved by himself. In other words, the persons who may subscribe for shares in this corporation, the deficits of which we are to pay, are persons of whom the minister must approve and who are interested or engaged in aviation.

The $5,000,000 has been subscribed. The next principle is that the corporation cannot take anything in the way of second-hand aircraft or worn out equipment in payment for the subscription for shares unless in the opinion of the minister such property or services have a value equivalent to the total nominal amount of the shares, or of the call made in respect of the shares. We are limiting subscriptions to those interested or engaged in aviation. Then we say that if they want to trade in worn out equipment or machines, they can do so only if the minister thinks they are worth the amount of their subscription. That is unusual. There have been several lawsuits which have gone to the court of last resort based on that very thing.

Mr. HOWE: Read the next lines.

Mr. BENNETT: I am coming to that. They read:

> —the directors shall be jointly and severally liable to pay to the corporation the total nominal amount of the shares or of the call, as the case may be.

The supreme court here decided that question not long ago. Now we have our enterprise created. We have the people engaged or interested in aviation as our shareholders; or we have the minister in another name—in the name of the Canadian National—as the shareholder. Then what happens? Any one who has bought these shares can sell them only to such persons engaged or interested in aviation as are approved by the minister. He must approve those who buy the shares in the first place, and approve those to whom they may sell. That is restraint of alienation, and the courts have had something to say about that, although this parliament undoubtedly has the right to impose such a principle.

The next principle deals with the ownership of the shares, and I do not think any one can object to that. But now we come to the most delightful of all principles. I know this will interest the Minister of Finance (Mr. Dunning) because he is involved. If the minister wants to buy the outfit he may do so with the approval of the governor in council, which is his colleagues. He is not going to pay the cost of the shares; he is going to pay the book value, and if necessary, that book value is to be determined by the Exchequer Court of Canada. Any of us who have had to do with these matters know that when you are dealing with book values you are confronted with franchise values and things like that. That is where the joker is.

Mr. HOWE: Franchise has nothing to do with the book value.

Mr. BENNETT: Contracts may have been entered into to carry mail, and for their purposes they would be considered part of the book value. These shares are to be held by the minister in trust for His Majesty. The next principle is a simple one. Section 14 reads:

> The governor in council may authorize the minister to enter into a contract with the corporation (to be known as the trans-Canada contract) for the organization, operation and maintenance by the corporation of lines of aircraft (to be known as the trans-Canada lines) for the speedy and efficient transport across Canada and between and within the several provinces of passengers and goods.

There is one paragraph in this section which is exceedingly interesting. Paragraph (c) reads:

> (c) for the payment to the corporation, at the end of each calendar year of the initial period, of a subsidy equal to the deficit, if any, resulting from operations during such calendar year, which subsidy shall be payable out of moneys to be appropriated by parliament for that purpose;

Those of us who during the last few years have had to consider the difficulties faced by this country in connection with railways know that the initial difficulty arose through the operations of the contracting firm of

Mackenzie and Mann. This was a construction company building railroads. A contract was made with the Mackenzie and Mann Construction Company to build the railroad for the subsidy and the shares and the bonds. They sold the bonds, and they had the subsidy and the shares as their profit as contractors. The railway company can buy this corporation only if we find the $5,000,000 for them. I ask if it is desirable that we should at this stage provide for the payment of the deficits of this corporation.

Mr. DUNNING: It is only for two years.

Mr. BENNETT: I know it is only for two years.

Mr. MACKENZIE (Vancouver): The initial period.

Mr. BENNETT: That was exactly the story put up by Mackenzie and Mann.

Mr. MACKENZIE (Vancouver): No similarity at all.

Mr. BENNETT: The similarity existed before the hon. gentleman came to this country.

Mr. MACKENZIE (Vancouver): I have heard about it.

Mr. BENNETT: I know what happened in connection with that. Let us now turn to the next principle embodied in the bill. This company shall have a contract with the government. This contract is for the carriage of mails, and thus far the carriage of mails has been a profitable operation for the companies that have participated. If the hon. member for Vancouver South (Mr. Green) were to give the details it would be found that the sums paid in subsidies for mail carrying were the moneys upon which the companies relied. And the contract shall be coterminous with the Trans-Canada contract. That principle, I think, should be applied in an entirely different way from the manner indicated. Questions of rates and matters of that sort are to be dealt with in the manner indicated by the bill; that is a matter of detail and need not be further discussed.

I submit that in the light of the experience we have had in this country, if we are going into this air line business we should own it from the start, and not later.

Mr. WOODSWORTH: Hear, hear.

Mr. BENNETT: The hon. member for Vancouver South will not agree with me, but I am pointing out that inasmuch as we are called upon—it is one of the principles of this measure—to pay the corporation's dividends we might as well start in as we did with other enterprises and say that we are going to direct the policy from the beginning. One of the difficulties to-day about the railroads is that we had nothing to do with laying them out. They were laid out for contractors, and not for the public. They were laid out for the mileage and for the subsidy, and not otherwise. Here is a franchise which is going to be very valuable—a franchise for carrying the mails and passengers all the way from the Atlantic to the Pacific. Shall we part with that franchise or not? Shall we hand it over to a private enterprise or not? That is what is involved in the principle of this measure.

Mr. MACKENZIE (Vancouver): No.

Mr. BENNETT: The Minister of National Defence shakes his head and says "no." If the control of the company is vested in other than the crown or the railway, the things follow that I have mentioned, and therefore the contracts and everything connected with them inure to the benefit of the corporation, which is not the crown. That is the reason the minister provided that the crown may expropriate. Otherwise why provide for expropriation?

I submit that the proper course to pursue at this time is as I have suggested. What the future may disclose I cannot say. We are on the threshold of great advances. Anyone who has followed the story of aviation in this country and abroad and who knows what man has done to overcome difficulties, how he has been able to bridge in days distances that used to take weeks, how, for example, he has been able to fly from the Cape of Good Hope to London in a few days, in contrast with the long journeys of former years, realizes that in making arrangements for flying across Canada from the Atlantic to the Pacific we are dealing with matters which are on the threshold of tremendous developments.

It may well be that we shall conclude later that it is desirable to pursue some other course. We should not now provide that the people may acquire later something that they are parting with. It should be the other way about,—that we may, if we so desire, sell, instead of our buying back something that we ourselves created. As we are creating it, let us hold it. As we are making it, let us keep it. And if in the fulness of time it is desirable that the management and operation should pass, let it pass. We shall have something in the way of control that will enable us to dictate policies, to provide for the hundred and one things that cannot be foreseen at the moment. And who suffers if we do that?

It is obvious that the Canadian National Railway cannot take over this enterprise except by paying for it money which we in the end will have to find. With a deficit last year of $43,000,000 and this year estimated at $35,000,000, it is obvious that the necessary $5,000,000 must come from us. And as it is to come from us, let us own the enterprise now. That is what I say to the minister. I ask him to revise this bill to provide that at the start the ownership shall rest with us: that the shares and the capital stock shall be owned by the minister in right of the crown, in trust for the crown. If that is done, we shall not have parted with something which may have a value that I, for one, cannot possibly estimate.

If I jocularly referred to the difficulties of underwriting by the Canadian National Railways, I did it because the Canadian National and the government are, with respect to financial matters, one and the same. But, sir, this cannot be regarded in any sense as a party matter. It should not be. Certainly I have not suggested to any of those with whom I am associated that they should take a particular view of the matter. The opinions I express are my own, as the views expressed by the hon. member for Vancouver South are his. I have had at least some experience with respect to these matters. Perhaps it is less personal and direct than that of some others, but I know well the evils that have come upon this country through such courses as are contemplated here. It may be said that government ownership is always inefficient, that it always has been. I am not prepared to say that it need be, but even though there is inefficiency we can devise methods by which efficiency can be secured and the property retained in the people.

This is my plea to the minister. This bill need be modified only to the extent of providing that the capital stock shall be such and such and shall be provided out of the consolidated revenue of the country, which is where it will come from in the end if the underwriting is taken up by the railway. That would enable the company to make contracts with the Canadian National Railway and the Canadian Pacific Railway if they so desired, the same as they do in other countries, to correlate their carrying activities with those of the railways. In the United States for instance, as is well known, provision is made whereby passengers may, if they so desire, travel by air during part of the day and in pullmans during the other part of the day. That might easily happen in this country in connection with both railroads; it could happen without the railroads being shareholders. If it were thought desirable that others should be brought into the enterprise as minority shareholders, that could be done.

The plea made by the hon. member for Vancouver South for those who have been pioneers in this branch of transportation is something to which I referred the other evening. I realize that we put $250,000 into the Trans-Canada line—the Canadian National did, but we found the money—and the Canadian Pacific Railway put in $250,000; and the contracts were cancelled within the terms of the contracts because as I said on another occasion, we could not contemplate the expenditure of hundreds of thousands of dollars to drive aeroplanes through dust that men could not see through, representing the spoliation of the farms of western Canada, where we had to disburse millions of dollars for relief. The service could not be continued under those conditions, and therefore within the terms of the contract we discontinued it. There are certain claims in that connection which may be of such an equitable character that the government will desire to give them consideration for the sake of the shareholders, and perhaps have the shareholders represented on the directorate for the purpose of obtaining the benefit of their wise judgment and large experience.

But I do now implore the minister not to part with this property. To-night the field is clear. To-night no franchise encumbers the ground. To-night we stand in a position to create by act of this parliament an enterprise that will have complete control of aerial navigation between the Atlantic and the Pacific. We have that right to-night. If we pass this measure and hand this right over, not to the crown but to a body of shareholders, and provide that the crown may buy it back some time in the future if it so desires, we shall be going in the wrong direction. I plead with the minister to reverse the process, to own the enterprise now, and sell it later if he so desires. That is the difference between the minister's view and mine of the principles that underlie this measure.

I make this suggestion to the minister not because I can be said to be one of those who believe in public ownership and control, for I have not that reputation, but because I have found by grim experience that the condition that now exists in Canada with respect to railroads has arisen in consequence of the blunder we made. We cannot make a blunder if we keep what we have got; and what we have got to-night is control of the whole matter. It seems to me,

therefore, wise to take initial steps to ensure that that control shall be retained by the action of this parliament, and if we desire later to terminate it or to part with it, we may do so through an act of this house and as a result of the intelligent expression of opinion by members of parliament.

I have no desire to go into the matter at greater length, nor do I wish at this moment to go into details, because that will have to be done in committee. But I do hope that the minister will not part with control as this bill provides—control which in my judgment is so essential to our success in view of all the difficulties that will confront us—and we shall then be in a position to cope with the situation in a manner that will be denied us if we adopt the principle of this measure.

I certainly am desirous of assisting the minister as far as it is in my power to do, but I cannot assist him in having parliament give its approval to this principle. In expressing these views I assure him that I am not putting them forward as embodying a council of perfection, nor am I for a moment suggesting that I know better than he does what ought to be done. I am asserting, however, that the experience of this country indicates that now is the time for us to hold what we have, just as we did with the radio, so that if ever we have to part with it, or if we desire to do so, we may at least have a clear appreciation of the value of our franchise and of our properties, and the value of the contracts that we are making in one of the branches of government for the carrying of the mails. That is all I have to say in urging the minister to weigh all these considerations before we commit ourselves to the principle of this measure.

Hon. H. H. STEVENS (Kootenay East): I wish to say a word or two because I consider this bill a very important one and I should not like to express in an adverse vote the stand I take on this question without first giving a statement of my reasons for doing so. I have long held the view that some definite steps should be taken for the establishment of a trans-Canada air service. I urged it some years ago, and I have always been one of those who have held very strong views on the subject. So that I have no criticism of the minister in taking some step towards the accomplishment of that end.

On examining the bill, however—and in the haste with which we are doing things these days one has little time to look carefully into some of these measures—I am perturbed perhaps rather more by its form than by its real intent. It will be noted that the bill in its general form is in the style of a public bill; that is clear from the short title and the preamble. But when we turn to the constitution of the corporation we find that the bill is cast in a different form. It provides for the incorporation of certain individuals under the name of Trans-Canada Air Lines, which is the form used for private legislation. In other words, we have in this bill a mixture of private and public legislation. That is my first objection to the bill.

In the second place I object to the bill for the reason that in the part of it that provides for the capital stock it is stated that the shares of the capital stock of the corporation:

> —shall be offered for subscription to the Canadian National Railway Company, and in the event of non-subscription of any of the said shares by the said company such shares not subscribed for shall be offered for subscription to such other persons engaged or interested in aviation as are approved by the minister.

I do not think—and I address myself now to the Prime Minister—that any minister of the crown should be clothed by a public act with such responsibility. I wish to avoid the appearance of casting any reflection upon the minister personally, but I do say in the light of considerable experience in this house that it is inadvisable to put a blanket power of this kind into the hands of any minister in any government at any time. I strongly object to it.

Let me point out what might happen. If this bill passes we have a corporation set up composed of five or six gentlemen of very high standing—all civil servants, if I mistake not. They are incorporated and become a corporate entity. Thereupon this new corporation must offer its stock first to the Canadian National Railways. I do not know what is in the minister's mind. He may give us the assurance that it is the intention of the Canadian National Railways to take up all this stock; I do not know. But if it is the intention of the national railways to do that—

Mr. HOWE: May I interrupt the hon. gentleman? I have anticipated his objection and I intend to introduce amendments to section 7, which will make the purpose much clearer.

Mr. STEVENS: Without labouring the point, then, I will wait until the committee stage. I merely observe that as it stands before me I object to it, and that would be one reason why I would oppose the bill.

There is another point. This corporation which we are creating is in operation, we will

assume. We do not yet know who the shareholders will be; if we knew, we should perhaps be justified in granting the power sought in paragraph (f) of subsection (1) of section 14, which states that the trans-Canada contract shall provide:

—for the operation and maintenance by the government of Canada, without charge to the corporation, of emergency landing fields, lights and radio beams, necessary for the operation of the said trans-Canada lines and for the supply to the corporation free of charge of weather reports.

Then follows a proviso that if at some future time the revenues of the corporation warrant it, they may be charged for these services. The point is that we are creating a private corporation and placing on the statutes of the country an obligation upon the government to maintain a very substantial portion of the facilities necessary for the conduct of this business. That adds great weight to what has been said before. If you are going to that extent in public ownership, surely it would be better to make it absolutely and avowedly a publicly owned organization from the start.

There is another point, but these are the main points I wished to refer to. Reference has been made to the question of an unknown deficit. My interpretation of the clause by which we undertake to pay any deficit that may arise, knowing how these things work from observation over many years, is that it is, in fact, an invitation to those operating this company to think, using the popular expression, that the sky is the limit—Don't worry, because your deficit is guaranteed by parliament, no matter how much or how it is incurred. There is no limitation, no restriction upon the directors of this corporation.

For these reasons I hesitate to support what otherwise I should like to support, a genuine move for trans-Canada airways. My mind is not clear, that is, I am not enthusiastic about a government-owned trans-Canada airway. I am inclined to the view, and have been for many years, that inasmuch as trans-Canada aviation will be distinctly in competition with the two railway systems, they ought to organize and control and operate such a system in conjunction with their railways. For instance, one might take the airway to Winnipeg, then get on the train and go over night to Calgary, and then take an airplane for the rest of the trip, or reverse the process. In my opinion it can be operated most advantageously in conjunction with the railways. Here again we are in the dark. It may be that it is in the mind of the minister to do something of that kind, and when we go into committee he may explain it.

But we are being asked here to approve the principle as embodied in the bill without knowing where that principle is going to lead us. As the bill is now drafted I could not give it my support in principle, although I should very much like to do so. I have made these remarks for the purpose of giving the minister an opportunity perhaps to clarify the situation in his answer.

Hon. J. EARL LAWSON (York South): I have in mind one or two matters to which I should like to call the attention of the minister before he closes the debate. With much of what has been said by the right hon. leader of the opposition (Mr. Bennett) I entirely agree. I have, however, one or two matters in mind which I should like to deal with a little more fully.

Personally I cannot claim to be a public ownership man, if by that is meant one who favours the public ownership of most things in the country, although I have always recognized that there are certain exceptions to my general rule or principle of the greater efficiency of private enterprise. But there is one principle to which I make no exception and of which I am thoroughly convinced, and that is that we should not have ownership or operation which is part public and part private. I think I made my views of that situation fairly clear in connection with the central bank legislation. As I see it, under this bill we are going to set up an air transport corporation which may or may not be, but has the possibility of being, partly public and partly private.

It will be observed that under section 9 the shares of the capital stock shall not be transferable except to such persons engaged or interested in aviation as are approved by the minister. I direct attention to the word "transferable" because the last section provides that certain sections contained in part III of the Companies Act are applicable. It seems to me that under that section, although you could not transfer a share once it is issued, there is nothing that requires the approval of the minister of the initial issue; because when you issue a treasury share you do not transfer a share. In the terms of the Companies Act you may allot or issue it, but you do not transfer it. Therefore I suggest that the minister seriously consider the fact that this board of directors, which for convenience I will call original directors or original incorporators, have extraordinary powers, provided that the Canadian National Railway Company saw fit not to exercise the whole or any part of the option conferred upon it by the sections of this bill previous to section 9. In other words, the stock

might be offered to the Canadian National Railway; the Canadian National Railway has to come to the minister and say: Will you provide us with the money to subscribe for this stock? And the minister on behalf of the government might say no. Whereupon the treasury shares could be issued to any group or corporation as this temporary board of directors saw fit.

Then I come to section 11. The leader of the opposition dealt with the question of book value, including franchise, and there was a vehement shaking of heads from some of the ministers interested in the promotion of the bill. I submit that the statement of the leader of the opposition was absolutely correct. Let us, for example, go back to the days when electric railway franchises were valuable. Why did not the city of Toronto expropriate the street railway years before it did? Because it did not want to pay the value of the franchise of the company carried on the company's books. Why did not the city of Brantford expropriate before it did? Why did not dozens of municipalities expropriate private corporations operating electric railways? Because they desired to wait until the franchise expired, so that they would not have to pay the value of the unexpired term of that franchise.

I trust that what I have to say now will not be construed as any aspersion on the present minister or anyone connected with him. I merely point out the loopholes which are left in the bill. Let us assume that the Canadian National Railway, because the government does not see fit to supply it with the money, does not exercise its option to purchase these shares, and that the shares of this corporation fall into the hands of other corporations or private individuals; and they after the selection of a board of directors obtain an appraisal of that franchise by duly qualified engineers and appraisers and write that appraised value on their books as an asset. Surely it would not be contended, at least by the Minister of Justice, that the value of that franchise, written into the books of the company, fixed on the basis of an appraisal, should not be included in the book value if the minister at some subsequent date thought it desirable to acquire all the shares of the corporation. I am inclined to the view that if that occurred, if there was disagreement and the matter went to the exchequer court, the court would hold that the franchise had a value proportioned to its unexpired term, and that value would have to be paid for.

Another section to which I wish to call attention is section 16, dealing with rates. I observe that the minister has power to fix rates. I confess that from reading the section I could not come to a conclusion whether it was the rates to be paid by passengers and persons who desired to use the air transport or rates in respect of the trans-Canada contract which is defined in a previous section. In any event subsection 2 of section 16 provides that in case of deficit there shall be an increase in rates. To that I have no objection, but subsection 3 provides that as soon as there is a surplus there is to be a decrease in rates. I have no objection to a decrease in rates if there is a surplus, but I do object to arbitrarily fixing, by statute, the decrease which must take place as soon as there is a surplus. Surely if business in general learned one lesson from the depression of the last few years, it learned the wisdom of setting aside a reserve in the days of plenty and of surpluses to meet deficits and losses in bad times. So I suggest to the minister that serious consideration should be given to the question of arbitrarily, by statute, requiring a reduction in rates. If you are going to have a board of directors capable of exercising sound, reasonable business judgment, I think it might at least be left to their discretion whether or not there should be a recommendation, say, for a reduction of rates having regard to the previous service.

Having dealt with a few sections specifically, Mr. Speaker, I do urge this thought upon the minister and the government with regard to the whole plan. This scheme leaves in the hands of one man, whoever may be the incumbent of the office of Minister of Transport at any particular time, a vast discretion. It leaves in his hands power to embark upon the expenditure of a huge amount of public money at some future date for the acquisition of something we now have. Worse than that, in my view, it leaves in his hands the power to make a deal, while this parliament is not sitting, to acquire at a huge price based on book values—and book values can tell many stories—an enterprise we now have and which costs us nothing. And all that can be done without the sanction of this parliament, and without parliament having one word to say about it until it is all over.

The closest analogy I can think of at the moment—and believe me I do not mention this because of political partisanship—is the approval that was given to the diversion of a huge amount of water from the St. Lawrence in connection with the Beauharnois development. There power was vested in the Minister of Public Works, and without parliament having an opportunity of saying yea or nay or of expressing its views in any manner, a huge quantity of water was diverted. I am not suggesting that this was beyond the

statutory powers of the then Minister of Public Works, but the water was diverted. It does seem to me that we should not make it possible for such a large amount of the money of the taxpayers of this country to be diverted or used or expended at the discretion of one man, admirable though he might be, without this parliament being able to say yea or nay or having an opportunity to discuss the proposal in detail.

Hon. C. D. HOWE (Minister of Transport): Mr. Speaker, this bill contemplates a type of air transportation that is practically new in Canada to-day. It contemplates a service between centres of population, a service that must run on schedule and must have a very high efficiency if it is to be depended upon for the efficient transportation of mail. While we have in Canada a very highly developed aviation service it is not by any means similar to the service contemplated by this bill. At the present time we have a service into remote districts, operating on floats in summer and on skis in winter, and depending upon natural waterways for landing places. In serving urban centres, of course, a much more highly developed service is necessary.

Some three or four years ago the work of constructing proper landing fields was undertaken, and up to the present some $7,000,000 has been expended in that way. That work is well advanced towards completion. This service, of course, involves operation on wheels for twelve months of the year. To make such a service reliable a very elaborate weather reporting system is necessary. Weather reports must be available to the pilot at almost any moment during his flight, which involves a high degree of development. The pilot must fly by night as well as by day, in fog and storm as well as in clear weather. For that reason a radio beam must be provided between landing points which will keep the pilot on his course whether or not he has any visible contact with the ground.

All these things are new in Canada, but during the last ten years they have been developed to a very high state of efficiency on this continent. It has been an expensive development, as the history of the industry will show. The companies that have started in this service and have disappeared would number a score or more. Our task in Canada is to set up this service without all the lost motion that has been expended during the past ten years. We cannot afford to spend ten years in bringing ourselves up to present day efficiency. We must start where our competitors are to-day and we must develop an organization in this country as rapidly as possible.

This is a very difficult problem, and before coming to a final conclusion I think I exhausted all available sources of information. I have ridden in every type of equipment used on the mail routes in the United States; I have discussed the problem with the heads of all the successful trans-American companies; I have had the privilege of discussing the problem with the general manager of Imperial Airways and with officers of the British air ministry, and I have read every report in this connection that I have been able to lay my hands on. As a result of all this I have come to certain conclusions. The discussion we have had in the house to-night, all of which I know has been very friendly and offered in an earnest desire to bring about the best possible result, has brought out at least four different views as to how this work should be undertaken. After listening to the discussion I am convinced that this bill offers the most practical solution that can be suggested. I believe we have safeguarded ourselves at every point.

The first suggestion was that we should turn this line over to one of the private air companies. The question which immediately suggests itself is, which company? Well, perhaps there is one company that by its experience and standing in the industry would have a right to be chosen over other companies, but to-day that company is engaged in extensive services quite foreign to the services we are going to develop here. I have not been able to decide how we could ask that company to separate this trans-Canada service in an effective way from the services operated by the same corporation in the north.

We go back to the experience of other countries. England, I believe, has had the least trouble in the development of aviation. What was done there? In England a new company was formed, under government auspices, headed by the best business brains in the country. I believe Sir Eric Geddes is the present head, and if my memory serves me correctly he was the first head of the company, and was taken from a high government post for the work. The company was privately financed, except for about 25 per cent, which the government retained. The British government has two directors on the board, the other directors representing the private capital invested. On the other hand, I have in my hand the report of the committee which considered the development of civil aviation within the United Kingdom, and that committee reports that for the development of services across England the cooperation of the railways should be

sought. Adequate reasons are given why the railways should have a part in the development.

In my view it is only reasonable that the railways should have a part in the development of air transportation. In the first place they are in the transportation business; and in the operation of air lines there are problems in common with the operation of railways. For instance, both must have ticket offices; both must have facilities for soliciting express and passenger business. The legal problems of both are more or less on a par, and a legal staff trained to railway transportation matters would be valuable in air matters. I could set out many other points where the services are more or less parallel. So it seemed to me from the start that in a properly organized trans-Canada system the railways should have a part.

Then came the question of personnel. Naturally the pilots in Canada are working for aviation companies. Were we to set up a company under government auspices, and then bid for the services of the twenty or thirty most experienced pilots? We could take them only from certain places, namely from the businesses using them to-day. That led me to the belief that we should have the cooperation, as shareholders, of one or more of the companies engaged in aviation so that we could have their assistance in setting up the personnel of the service.

The leader of the opposition (Mr. Bennett) has said that the government should own and operate this service, but the experience of other countries hardly indicates that that is a wise procedure. A government directly in the transportation business is under certain handicaps which are not so serious in the case of a wholly owned transportation subsidiary of a government. For instance, going back to the Intercolonial railway, I think everyone will agree that an accident on that line cost the government a great deal more than a similar accident costs the Canadian National Railways to-day. As a minister of the government I shudder over the possibility of being responsible for the crash of a plane-load of passengers travelling on a wholly owned government air line.

In any event, after the consideration of these matters the government has decided that its agency for transportation, the Canadian National Railways, should be the means of organizing this company, just as it was used as the means for operating such shipping as the government has owned, and the means of operating other government transportation facilities.

[Mr. Howe.]

I have said it is intended to place the organization of the company in the hands of the Canadian National Railways. There has been a great deal of objection to-night to the power the minister would have in selecting shareholders and directors of the company. But surely in turning the problem over to the directors of the Canadian National Railways, the minister is turning it over to seven able business men who have a certain responsibility to the government, and who would be well qualified to handle the problem.

There is one point the bill does not make clear, but which it will make clear, namely that the Canadian National Railways will retain at least fifty-one per cent of the stock of the company. It will be noted that the government has three directors and the shareholders have six, which would mean that even if the railway disposed of the full forty-nine per cent, the government would have three directors, the railway company would have three, and such private aviation interests as may come in would have not more than three. So that at all times we would have government control.

You might say: Why is the government entitled to three directors if it is not an investor? I think the reason is that the investment of the government in air fields and facilities will be three or four times as great as the investment to be made in facilities by the aviation company. In other words, the investment in landing fields will be vastly greater than the investment in flying equipment. Further, the government has committed itself to provide weather and beam service, or radio-telegraphic service on the route. The operating costs to which the government is committed are certainly fifty per cent of the total operating costs falling upon the aviation company. Further than that, the government has undertaken that the company shall operate without loss; in the same direction they have provided that it shall operate with a very limited profit, provided the operation develops in the direction of reduced operating expenses.

Perhaps no set-up is perfect, but I do believe we have adopted the soundest possible arrangement, and in the end I believe it will be generally agreed that we have arrived at about as sound a method as could have been found of setting up the company to achieve the results we want.

The question now arises: Have we invited the private interests to participate? That question was asked. May I say we did not need to invite them. They came from every part of Canada and the United States, and put on the most persistent lobby in Ottawa

that I have ever seen. The only way we could make progress was to absolutely refuse to talk to them. We said, "Go back home. We will write our bill, and when we get it written and bring it down you will see it. If you then want any part in it we will give you the chance to discuss the matter." How could we make a deal on the one hand with perhaps a dozen clamouring aviation companies, or with one or two of them, and on the other hand bring down a bill which the government or parliament would approve? The thing was absolutely impossible. Someone had to make up his mind as to the proper set-up, pick out the responsible people to take care of the initial financing, and after that sit down and see what these services had to offer in the way of experienced personnel, trained operators, and so on; and then decide whether one, two, four or some other number of private companies should be associated in the new organization, whether each would give it strength or otherwise, and then determine the final set-up accordingly. I do not see how any other method could have been used, and I may say I have been living with this problem for several months.

There has been some worry as to the book value. I may say that we undertook at first to have two companies as shareholders, and that we split with one of them on the question of book value. One of them said that if they built up an efficient service it would be considered to have a valuable franchise, which franchise should be considered in any final settlement. We replied that the book value alone would be considered.

The books will be audited by the government every year. If the bill is read carefully it will be seen that it will be impossible to write one dollar into the books which has not been earned in one way or another. We have provided that if for reasons of defence or otherwise it is thought desirable that the government should own this enterprise, it can be taken over at book value. That is, the actual investment less such depreciation as is determined by the contract. The rates of depreciation, the purchase price of equipment, and so on will be covered by the contract. We are providing that the company can get back only the earnings that are allowed it for the period that it is operating the lines. We believe that as long as we designate the routes and provide free service on those routes, it is we who make the franchise valuable, and not the company. I believe this phase is amply safeguarded.

I think we are getting the best features of government ownership without the obligation of direct government operation, which in the past has been troublesome. A year or two ago the United States found themselves in an impossible position in connection with the private mail contracts. Almost over night they cancelled those contracts and turned the carriage of mails over to the military services. However, the disasters of the next few months were so appalling that the government hastened to revive the private contracts. It may be that the government had not the time to bring the carriage of mails to a high state of efficiency by providing the proper personnel, but the fact remains that the people of the United States were shocked beyond measure at the number of pilots who were killed in that short period in carrying the mails.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Short title.

Mr. HOWE: I move that the committee rise, report progress and ask leave to sit again.

Mr. LAWSON: I should like to ask one or two questions before the committee rises. I refrained from interrupting the minister when he was speaking—

The CHAIRMAN: I would direct the attention of the hon. member to the fact that this motion is not debatable.

Mr. LAWSON: It will only hold up things that much longer when we are in committee.

Progress reported.

SUPPLY

FURTHER SUPPLEMENTARY ESTIMATES FOR THE FISCAL YEAR ENDING MARCH 31, 1937

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF NATIONAL DEFENCE

Naval service—To provide for the maintenance of the ships and establishments of the naval service, including the Royal Canadian Navy, the Royal Canadian Naval Reserve and the Royal Canadian Volunteer Reserve—further amount required, $2,201,000.

Mr. BENNETT: Will the Minister explain this item?

Hon. IAN MACKENZIE (Minister of National Defence): This vote of $2,201,000 is required because of the purchase of two destroyers from the British admiralty. The cost of these destroyers was $1,068,000 each; $40,000 is needed for recruits, and $25,000 to pay the passage of the crews to England.

Mr. BENNETT: This vote does not state that any ships are to be purchased.

Mr. MACKENZIE (Vancouver): That is a mistake in the wording of the item.

Mr. BENNETT: It should be corrected. The item simply states that it is to provide for the maintenance of the ships.

Mr. MACKENZIE (Vancouver): This item is for the purchase of the two ships.

Mr. LAWSON: There is no mention of maintenance in the item.

Mr. MACKENZIE (Vancouver): It is to cover the purchase price, some refitting in England, and the cost of sending the Canadian crews to England.

Mr. HEAPS: What will be the total cost of these boats when they are completed?

Mr. MACKENZIE (Vancouver): The total cost will be $2,201,000 less the amount necessary for personnel expenses. The actual price is $1,068,000 each, which includes a certain amount for refitting.

Mr. HEAPS: What will be the total maintenance cost for these boats?

Mr. MACKENZIE (Vancouver): Because of their larger size, there will be an additional maintenance cost of about $230,000 per annum for the two boats.

Mr. HEAPS: That is over and above what it cost to maintain the other two?

Mr. MACKENZIE (Vancouver): That is correct.

Mr. HEAPS: What will be the total cost of maintaining the two new boats?

Mr. MACKENZIE (Vancouver): The maintenance of each destroyer will run to about $296,175 per annum.

Mr. GREEN: One of the old destroyers, which I understand are to be broken up, was named the Vancouver. The suggestion has been made that some memento from that ship should be given to the city of Vancouver. Will the minister take this suggestion under consideration?

Mr. MACKENZIE (Vancouver): I shall be delighted to see that it is carried out.

Mr. BENNETT: I think the item should contain the proper description before we vote the money. Put it in some sort of shape which adequately explains what it is for.

Mr. DUNNING: I move, Mr. Chairman, an amendment to the wording of the item, to read as follows:

To provide for the purchase and refitting of two destroyers for the Royal Canadian Navy.

Mr. MacNEIL: What is the total personnel of each destroyer?

[Mr. Bennett.]

Mr. MACKENZIE (Vancouver): I gave that information in full in the main estimates. I believe I have it here. The total involved, on the estimates of this year, will be 1,212 officers and men of the Royal Canadian Naval Volunteer Reserve, and 1,339 officers and men of the Royal Canadian Navy, an increase in the Royal Canadian Volunteer Reserve of 161, and in the other branch, of 373, or a total increase of 534.

Mr. STIRLING: Would the minister be good enough to report progress on the mine sweepers?

Mr. MACKENZIE (Vancouver): As far as mine sweepers are concerned, it is expected that tenders will be called for within the next two weeks for their construction in Canada.

Mr. STIRLING: Both east and west?

Mr. MACKENZIE (Vancouver): It is expected to divide construction territorially as far as possible.

Mr. BENNETT: This seems to me an opportune moment to make a few observations with reference to our naval policy. I was hopeful that the minister would regard it as desirable to postpone any definite commitments to purchase mine sweepers or other naval craft until such time as he had had an opportunity to discuss matters with the British admiralty. I also desire to point out that during the recent weeks we on this side of the house have refrained from making any observations on this subject believing that the government was best able to determine what was desirable in the public interest with respect to defence. But I have long felt that it is desirable that there should be some measure of agreement between parties with respect to this matter. Feeling that as strongly as I do, we refrained from pointing out that the secret memorandum to which the minister referred in connection with the military estimates was one that had been prepared and delivered to the then Prime Minister in May of 1935, and that in consequence of armament having followed disarmament efforts we were then in a different situation from what we had hitherto been in.

Mr. MACKENZIE (Vancouver): There were two memoranda—one in 1932 and one in 1935.

Mr. BENNETT: I am dealing with 1935. In speaking of the naval situation I purpose to refrain from making any observations that can be regarded as contentious; rather I am going to rely entirely upon quotations from the speeches of Sir Wilfrid Laurier, both when

in office and out of it, for the purpose of endeavouring to direct the attention of the committee to the importance of our having a clearer appreciation of what has been done in Canada in days gone by with respect to naval defence, what our commitments are at the moment, and why, in the language of that great leader of the Liberal party, we should pursue a policy of close cooperation as respects naval defence with the British authorities.

In 1909 Sir George Foster—then Mr. Foster—moved in this house a resolution on naval defence. It will be found in the journals of the House of Commons of March 29, 1909. It was seconded by Mr. Haggart, of South Lanark, and is in the following terms:

That in the opinion of this house, in view of her great and varied resources, of her geographical position and national environments, and of that spirit of self-help and self-respect which alone befits a strong and growing people, Canada should no longer delay in assuming her proper share of the responsibility and financial burden incident to the suitable protection of her exposed coast line and great seaports.

On that occasion Sir George Foster made a speech which Sir Wilfrid Laurier described in 1913 as one of the best of the many good speeches he had made. Sir Wilfrid at that time did not think that Sir George Foster's resolution went far enough, so he moved in his own language an amendment, seconded by Mr. Paterson, and in his discussions he had the aid also of Sir George Foster in making certain other additions to the resolution finally adopted, which was in these words:

This house fully recognizes the duty of the people of Canada, as they increase in numbers and wealth, to assume in larger measure the responsibilities of national defence.

The house is of opinion that under the present constitutional relations between the mother country and the self-governing dominions, the payment of regular and periodical contributions to the imperial treasury for naval and military purposes would not, so far as Canada is concerned, be the most satisfactory solution of the question of defence.

The house will cordially approve of any necessary expenditure designed to promote the speedy organization of a Canadian naval service in cooperation with and in close relation to the imperial navy, along the lines suggested by the admiralty at the last imperial conference, and in full sympathy with the view that the naval supremacy of Britain is essential to the security of commerce, the safety of the empire and the peace of the world.

The house expressed its firm conviction that whenever the need arises the Canadian people will be found ready and willing to make any sacrifice that is required to give to the imperial authorities the most loyal and hearty cooperation in every movement for the maintenance of the integrity and honour of the empire.

That was carried unanimously, and Sir Wilfrid Laurier refers to it in a speech from which I desire to make a few quotations. Next year Sir Wilfrid Laurier's administration placed upon the statute books the naval law of Canada. The act, which is chapter 43 of the statutes of 1910, is well known, I take it, to most hon. members; its short title is the Naval Service Act. This act provided practically for a Canadian navy. In 1911, before his administration was defeated, Sir Wilfrid Laurier, in accordance with the provisions of the Naval Service Act, called for tenders for four cruisers and six destroyers to be built in Canada. Those ships were tendered for, and the date fixed for the expiration of the receipt of tenders was in the fall of 1911. As a matter of fact the day fell after the defeat of his administration and Sir Wilfrid Laurier did not accept the tenders.

In 1912 the government of Sir Robert Borden considered the question of our naval defence, and in consequence of the information imparted to the representatives of his government introduced into the House of Commons a resolution providing for the construction of three dreadnoughts at an expenditure of $35,000,000. That was done on the basis of an alleged emergency. Sir Wilfrid Laurier denied that there was an emergency, and upon that question the parties joined issue. During the course of the debate Sir Wilfrid made a speech to which I should like to direct the attention of this committee, for in that speech he reviewed the past in the light of seventy years of a life which he said he hoped he had not lived in vain, and he gave to the Canadian people his view of their obligation and duty in relation to naval defence.

At page 1022 of Hansard of December 12, 1912, Sir Wilfrid referring to the resolution introduced by Mr. Foster speaks as follows:

When four years ago my hon. friend from North Toronto (Mr. Foster) introduced this subject in a concrete form, we were in control of the house, and the house will agree with me that we did not receive his motion in any carping spirit. The motion moved by my hon. friend was to this effect.

Then he read the resolution which I quoted a few moments ago. He went on:

We received the proposition of my hon. friend quite sympathetically, and we suggested to him that it would be advisable to enlarge it and to bring it to the broader basis of imperial defence, in view especially of the new conditions which were then and had been for some time arising in Europe. I am bound to say that our suggestion was well received by our friends on the other side, and they in turn offered us some amendments, which we were

only too glad to receive. The original motion of my hon. friend, thus amended, was passed by the unanimous voice of parliament. It was in these terms.

Then he read the terms of the resolution I have already given to the house. He then discussed certain questions dealing with the recent election and the difficulties that had been experienced in Quebec and elsewhere in connection with his naval policy, and he said:

It has also been said in the province of Quebec during the last contest that we could rely on the Monroe doctrine. To anyone who would rely upon the Monroe doctrine, I would say, let him examine the record of Cuba after the Spanish-American war. When the Cubans were desirous of removing the yoke of Spain, they appealed to the United States for help, and they got it, but when, with the assistance of the United States, they had freed themselves from the control of Spain, they found that they had a rather high price to pay for the help they had received. That price was the abridgement of a portion of their independence. After the war was over, the people of Cuba naturally wanted to establish a regular government of their own. They called a convention and adopted a constitution, but that constitution had to go to Washington for revision, and there after three months' discussion, certain conditions were imposed upon Cuba, which to the people of that country were extremely distasteful, which convention they adopted by a narrow majority of five. The following conditions were made part of the constitution of Cuba:

Cuba shall not make any foreign treaty which may tend towards placing the independence of the island or any portion thereof in jeopardy; no loans can be issued unless a surplus of revenue is available for the service of such obligations; the United States can intervene to preserve the independence of Cuba or to ensure protection for life and property; the acts of the United States military administration in Cuba since 1898 are recognized as valid; proper hygienic precautions must be taken to protect public health on the island; the ownership of the Isle of Pines is left for future consideration; coaling stations shall be sold or leased to the United States in localities to be hereafter decided.

This shows how much Cuba had to discard of her sovereign power for the sake of the Monroe doctrine. We have to take our share in the defence, not only of our native shores, but of the empire as a whole. We can defend ourselves only by the assistance of the mother country.

The foregoing was followed by these words, after he had spoken of the Australian navy:

I insist once more upon what is stated in the memorandum: There is no emergency, there is no immediate danger, there is no prospective danger. If there were an emergency, if England were in danger—no, I will not use that expression; I will not say if England were in danger, but simply if England were on trial with one or two or more of the great powers of Europe, my right hon. friend might come and ask, not $35,000,000, but twice, three times, four times $35,000,000. We would put at the disposal of England all the resources of Canada; there would not be a single dissentient voice. . . .

Sir, I remember very well the question on that occasion, and those who were present in the house at that time cannot have forgotten it. This question gave rise to one of the most important debates, which, in the some thirty years of my experience, the parliament of Canada ever saw. I remember the speech of my hon. friend from North Toronto (Mr. Foster), an excellent speech, one of the very best he ever made, and that is paying a great compliment, well-deserved.

He was speaking of the debate on the resolution to which I have just referred:

I remember the speech of my right hon. friend (Mr. Borden) the present Prime Minister, and if ever a man gave reasons against the policy which he has now introduced, my right hon. friend gave those reasons on that occasion.

He was dealing with the question of there being no emergency. He proceeds:

Now, sir, I ask, why is it that my right hon. friend and his first lieutenant, the leaders of the opposition then, who to-day have the responsibility of office, will not go on with the policy so forcibly put forward by them, instead of a policy under which, in the language of my right hon. friend, there will be no preparation of the soil or beginning or growth of the product of defence? The reason, sir, is not far to seek. The reason is well known: there is one, and only one, and it is because this subject of imperial defence has been made the subject of contentious politics.

That position he amplified in the course of his speech, and he proceeded with the following statement:

I hope it is true, but would not the impression be much greater yet, if, instead of this money contribution, the nations of Europe were to see the young daughters of the empire, the young nations scattered over the whole world, building fleets of their own, to use the language of the resolution of 1909—

"in cooperation with and in close relation to the imperial navy, along the lines suggested by the admiralty at the last imperial conference, and in full sympathy with the view that the naval supremacy of Great Britain is essential to the security of commerce, the safety of the empire, and the peace of the world."

After referring to the ships at sea and the unfurling of the white ensign, he then proceeded:

Australia has adopted the same policy, and she has adopted it for the reason stated by my hon. friend in the debate of 1909: that having tried contribution, she found that contribution would not work. Australia, therefore, came to the conclusion which we came to: she came to the conclusion that gentlemen now sitting on the government benches came to, but which they have abandoned, and abandoned for what reason? For no other reason than the well-known reason of their alliance with the Nationalist party of Quebec.

That was part of his speech. Proceeding to deal with the question of there being no emergency, he said:

Well, Mr. Speaker, we went on with the execution of our policy. We asked for tenders, with the intention of having ultimately a double unit, one on the Pacific ocean and one on the Atlantic ocean; we asked for tenders for four cruisers and six destroyers, which would cost $11,280,000. We did not choose to award the contract, in view of the impending change of government . . .

Yes; we thought as the general elections were coming, that it would not be fair, in a matter of this kind, which was at issue between the two parties, to award the contract in case there might be, as there was, a change of government. I say now that the government in power would have been better advised if they had awarded the contracts, and, had they done so, we would at the present time have under construction on the stocks in Montreal four cruisers and six destroyers.

He proceeded further, and dealing with the building of ships in Canada said there was a better way than making a contribution —let us have a Canadian navy as soon as practicable and have all our ships built in Canada. Then came these words:

I now come to another subject, which I would not have mentioned at all were it not for some observations made during the debate on the address by the hon. member for Kingston (Mr. Nickle). During the last electoral contest, I heard it many a time, and I read it many a time, that our Canadian navy was a separatist navy, and that it was, on account of something which was to be found in the act, liable to be neutral in time of war. I have been too long in the fight to care very much for what may be said of me during an electoral contest; but when a thing is repeated upon the floor of parliament within my hearing, I owe it to myself to take notice of it. And, just here, apropos of this, let me recall a classical and historical incident.

Then he gives the classical story of the conditions on the eve of the battle of Salamis, of how when the commander would not listen to what was said to him Themistocles said, "Strike, but hear me first." And he concluded with these words:

I do not entertain, at the age of seventy, many of the ideas I had at twenty, or at thirty, or even at forty; but I trust I have not lived in vain, and that in the course of my long career I have learned something from observation and experience. Let the matter be settled once and for all, not only for myself, but for my friends here and outside, by my declaration: That any thought of separation from Great Britain, if any such thought exists anywhere, and I do not believe it does—would be a folly and a crime. As to the contention of my hon. friend from Kingston that in case of war our navy would be neutral, I have only this to observe. I said a moment ago that I hope I have not lived in vain, and I hope I am to be given credit for some common sense and some knowledge, and my answer to that contention is: when England is at war, we are at war, and the thought of being neutral would be like the command of King Canute to the sea to recede from his feet. No action of ours could bring that about. When England is at war, we are at war; but it does not follow that because we are at war, we are actually in the conflict.

Some hon. members: Oh, oh.

Sir Wilfrid Laurier: We can be in the conflict only through two things, namely, actual invasion of our soil, or, the action of the Parliament of Canada. That seems to arouse the hilarity of gentlemen on the other side of the house.

Mr. Graham: They have not read much history.

Then Sir Wilfrid proceeds to deal with other questions relating to stories of the wars, and various wars in the world, and participation in the Boer war, to which I shall not refer. On page 1035 he continued:

Some objections have been made to our Naval Act, because it was said that the British admiralty could not count at all times upon the support of the Canadian navy. I simply say that the admiralty can count at all times upon the Canadian navy, because last year we passed an agreement with the admiralty, whereby naval stations were created for the Canadian navy. The Canadian Atlantic station would include north of 30 north latitude and west of the meridian of 40 west longitude. The Canadian Pacific station would include north of 30 north latitude and east of the meridian of 180 west longitude. So the admiralty knew that at all times in those bodies of water there were Canadian ships to guard the waters; and the moment the ships of an enemy of England appeared in those waters it was the duty of our navy to pounce upon them, to grapple with them and to sink them, in the same manner as if they had been in the harbour of Halifax. That is the interpretation placed upon that act. My hon. friends, however, have to-day the administration of the act; they can interpret it themselves; but surely they will not interpret it in the way it is said they could. They can amend it as they please; but, whatever they do, if they are sincere, as I hope they are, they cannot put any other construction than the construction I put upon this act.

That act is still in force in the terms in which it was passed. There have been no substantial changes in it during revision or otherwise. It has had placed upon it by Sir Wilfrid Laurier the construction to which I have referred.

Then, dealing with armaments in Europe, he proceeded to say:

The problem that you have to deal with is one which demands a permanent policy—a policy for to-day, for to-morrow, and for every day, so long as the armaments grow in Europe; and the duty which you owe to yourselves, to Canada, and to the empire, is the enactment

of a permanent policy. As regards the creation of a Canadian navy, you have apparently decided against that. In respect to contribution, does anyone imagine that you will have only one contribution?

He goes on to say that we have the question of defence to deal with, and he discussed that at some length, and wound up his speech by moving a very significant motion which I think should be within the memory of many members of this committee. The amendment he moved was:

That all the words after the word "that" be struck out, and the following be substituted therefor:—

"This house declines to concur in the said resolution and orders that the same be referred back to the committee with instructions to amend the same in the following particulars, namely, to strike out all the words after clause (a) and substitute therefor the following:

The resolution provided for the expenditure of $35,000,000 for the construction of three dreadnoughts as an addition to the British navy, and he was moving to strike out all the words after clause (a) and substitute the following:

"The memorandum prepared by the Board of Admiralty on the general naval situation of the empire and communicated to this house by the right hon. the Prime Minister on December 5th shows that several of the most important of the foreign powers have adopted a definite policy of rapidly increasing their naval strength.

"That this condition has compelled the United Kingdom to concentrate its naval forces in home waters involving the withdrawal of ships from the outlying portions of the empire.

"That such withdrawal renders it necessary that Canada without further delay should enter actively upon a permanent policy of naval defence.

"That any measure of Canadian aid to imperial naval defence which does not employ a permanent policy of participation by ships owned, manned and maintained by Canada and contemplating construction as soon as possible in Canada, is not an adequate or satisfactory expression of the aspirations of the Canadian people in regard to naval defence, and is not an assumption by Canada of her fair share in the maintenance of the naval strength of the empire.

"This house regrets to learn the intention of the government to indefinitely postpone the carrying out by Canada of a permanent naval policy.

"It is the opinion of this house that measures should be taken at the present session to give effect actively and speedily to the permanent naval policy embodied in the Naval Service Act of 1910 passed pursuant to the resolution unanimously approved by this house in March, 1909.

"This house is further of the opinion that to increase the power and mobility of the imperial navy by the addition by Canada under the above act of two fleet units, to be stationed on the Atlantic and Pacific coasts of Canada, respectively, rather than by a contribution of money or ships, is the policy best calculated to afford relief to the United Kingdom in respect to the burden of imperial naval defence, and in the words of the admiralty memorandum, to restore greater freedom to the movements of the British squadrons in every sea and directly promote the security of the dominions; and that the government of Canada should take such steps as shall lead to the accomplishment of this purpose as speedily as possible."

An acute difference of opinion between the government of Sir Robert Borden and Sir Wilfrid Laurier and the Liberal party was first as to there being an emergency. An hon. gentleman in this house a few days ago suggested that no member of the House of Commons at that time could have foreseen the possibility of a war. I do not know whether that hon. member was present in the house or not, but I think no man who visited England in 1912 and was familiar with the conditions had any doubt in his mind that with the completion of the Kiel canal and the changed methods of construction of battleships, the great German empire found herself practically on a parity with England, because England had begun the construction of dreadnoughts, thereby making obsolescent a great number of her ships, and thus enabling Germany to be more nearly on a parity with her than theretofore; and having regard to the provisions of what was known as the Cawdor report, it was quite clear that a new condition had arisen. When the imperial conference of 1911 met, with Sir Wilfrid Laurier and others representing the Dominion of Canada, it will be recalled that some discussion took place in respect to these matters and that Sir Wilfrid in the resolution he moved made the declaration to which I referred. So far as I know there was no change in those declarations, and the agreement that was made by the government of Sir Wilfrid Laurier for the creation of North Atlantic and South Atlantic areas which would be protected by a Canadian fleet still stood.

It is true beyond peradventure that the action taken by the government of Sir Robert Borden in 1912-13 made it impossible for the moment to continue the policy which had been outlined by Sir Wilfrid Laurier. But he did outline the policy, which was an agreed policy, and my reading to-night to the Minister of National Defence and the members of the committee who are of the Liberal persuasion of what Sir Wilfrid Laurier said is done with the hope that there may be some measure of unanimity with respect to the action we take in connection with our naval defence. I have outlined the attitude which Sir Wilfrid Laurier then took and which he maintained even until the end. When par-

liament met in 1914, in connection with the war, on the 19th day of August, 1914, Sir Wilfrid Laurier used these words:

This session has been called for the purpose of giving the authority of parliament and for the sanction of law to such measures as have already been taken by the government and any further measures that may be needed to ensure the defence of Canada and to give what aid may be in our power to the mother country in the stupendous struggle which now confronts her. Speaking for those who sit around me, speaking for the wide constituencies which we represent in this house, I hasten to say that to all these measures we are prepared to give immediate assent. If in what has been done or in what remains to be done there may be anything which in our judgment should not be done or should be differently done we raise no question, we take no exception, we offer no criticism, and we shall offer no criticism so long as there is danger at the front. It is our duty, more pressing upon us than all other duties, at once, on this first day of this extraordinary session of the Canadian parliament, to let Great Britain know, and to let the friends and foes of Great Britain know, that there is in Canada but one mind and one heart, and that all Canadians stand behind the mother country, conscious and proud that she has engaged in this war, not from any selfish motive, for any purpose of aggrandisement, but to maintain untarnished the honour of her name, to fulfil her obligations to her allies, to maintain her treaty obligations, and to save civilization from the unbridled lust of conquest and domination.

We are British subjects, and to-day we are face to face with the consequences which are involved in that proud fact. Long we have enjoyed the benefits of our British citizenship; to-day it is our duty to accept its responsibilities and its sacrifices. We have long said that when Great Britain is at war we are at war; to-day we realize that Great Britain is at war and that Canada is at war also. Our territory is liable to attack and to invasion. So far as invasion is concerned, I do not see that there is any cause for apprehension, for it seems to me obvious that neither Austria nor Germany, our foes in this war, can command any force able to make an attack so far from their base.

It will be remembered that Germany did lay mines from Cape Breton to Halifax.

But no one pretends that our maritime cities on the Pacific and the Atlantic are free from the possibility of insult by an audacious corsair, who, descending suddenly upon our shores, might subject them to an insolent raid and decamp with his booty before punishment could reach him. This is not an unfounded dread of danger; this is no mere illusion; it is a real and indeed a proximate danger, since it is a matter of notoriety that both on the Pacific and on the Atlantic there are German cruisers whose mission is to inflict all the injury they can upon our commerce, and even to raid our cities should they find our harbours unguarded. We are aware that the government has already taken measures, and very appropriately, to guard against this danger. We know that one of our battleships on the Pacific has been seeking the enemy, and if she has not yet engaged him it is because the enemy has eluded her pursuit.

Then he said:

Upon this occasion I owe it to the house and to myself to speak with absolute frankness and candour. This is a subject which has often been an occasion of debate in this house. I have always said, and I repeat it on this occasion, that there is but one mind and one heart in Canada. At other times we may have had different views as to the methods by which we are to serve our country and our empire. More than once I have declared that if England were ever in danger—nay, not only in danger, but if she were ever engaged in such a contest as would put her strength to the test—then it would be the duty of Canada to assist the motherland to the utmost of Canada's ability. England to-day is not engaged in an ordinary contest. The war in which she is engaged will in all probability—nay, in absolute certainty—stagger the world with its magnitude and its horror. But that war is for as noble a cause as ever impelled a nation to risk her all upon the arbitrament of the sword.

He concluded his address by declaring that the union of hearts which exists in the United Kingdom exists also in Canada, Australia, New Zealand and South Africa, and that it was the inspiration and the hope—

—that from this painful war the British Empire may emerge with a new bond of union, the pride of all its citizens, and a living light to all other nations.

That was at the beginning of the great war. So far as I know until the time of his death Sir Wilfrid Laurier, as leader of the Liberal party, always held the sentiments to which I have alluded. He believed, as I believe, and as I think thoughtful Canadians everywhere believe, that if possible there should be a unity of purpose with respect to the policy of naval defence. I see no reason to qualify in any sense the approval which on more than one occasion I have given, for myself, of the words used by Sir Wilfrid Laurier at the time he supported and enlarged the resolution of Sir George Foster. The observations he made as to the position which Canada occupies with respect to the British Empire were observations which I think, in the light of his great experience and his age of seventy years at that time, are worthy of every consideration by the Minister of National Defence.

I suggest to the minister at this time that in dealing with the problem of naval defence he should bear in mind the provisions of our Naval Service Act and the language of Sir Wilfrid Laurier, which I have taken the trouble to read at some length in order that there may be no misapprehension as to the position

which he then took; that we should so co-ordinate our efforts in naval activity with those of the motherland as to ensure the defence of the British Empire as a whole. That was the opinion which Sir Wilfrid Laurier presented to the House of Commons and which received unanimous support when the resolution of 1909 was adopted. Sixty-five members from Quebec united with some eighty members from Ontario and all the members from the west and the maritimes to pass unanimously the resolution upon which in 1910 was based the Naval Act.

I do plead that we might again endeavour to forget some of the animosities and differences that have too frequently been manifest when dealing with a problem of the magnitude of the naval defence of this country, and that the memory of a past which is now ancient might be overcome by the memory of the stirring words to which I have alluded. I can remember, as I heard some of them, the impression they made upon my mind at the time. I suggest that the minister, when he goes to England to deal with problems of imperial import—and I use the word "imperial" in the same sense that Sir Wilfrid Laurier used it—should keep in mind the desirability of there being unity of purpose and unanimity in point of fact. I think there will be no difficulty about unanimity and unity if we bear in mind the fundamental considerations which, in the opinion of the veteran leader of the Liberal party, were the source of his views and his policies with respect to such matters.

There were differences in 1912 and 1913, arising out of the question whether or not there was an emergency. Subsequent events indicated that there was indeed an emergency; but that need not now be discussed. We can forget that, as we pass this appropriation to-night for the purchase of two destroyers.

The minister says he contemplates calling for tenders for four mine sweepers; and we have the training ship now being built for which we made provision in place of the Aurora, the magnificent ship we obtained from the admiralty at the end of the war and which went out of commission. Now, in the face of the admitted danger to which Sir Wilfrid Laurier referred in 1913, in view of the admittedly disturbed conditions in Europe, in view of the threats that have been directed at the very life of this empire, I do not see why by displaying a unity that would indicate to all the world that we had forgotton ancient grievances and animosities that had sprung out of the war, we should not hope that when the Prime Minister and his delegation go to England and confer with the admiralty they might be able to arrive at a common understanding which would look not merely to the defence of our own shores but, in the words of the late Sir Wilfrid Laurier, more to the defence of civilization and the maintenance of world peace by the defence of the British Empire itself.

Mr. MACKENZIE KING: Mr. Chairman, at this hour of the night, at this stage of the session, and after having spoke on defence policies at considerable length on the main estimates I do not wish to say more than a few words at this time in reply to my right hon. friend. Perhaps I would more accurately describe my own feelings at the moment were I to say a few words in association with what my right hon. friend (Mr. Bennett) has just said.

It would be impossible to have heard from the lips of anyone a more complete endorsation of the Liberal policy with respect to naval defence than that which has been given to-night by the right hon. leader of the opposition. He has quoted the records with respect to naval defence, from the time the policy was introduced in 1909. With one possible exception, which I think ought to be mentioned, namely in reference to what he said as to emergency being the cause of any change of policy which took place, I believe he has fairly stated the significant facts.

The Laurier policy, so-called, was a policy of the defence of Canada's coasts by Canadians, by ships made as largely as possible in Canada and manned by Canadians, a service controlled by the government of Canada, and one which could be placed at the disposal of the British admiralty whenever this parliament decided it was desirable that the service should be placed so as to act in cooperation with other services within the empire.

I was a member of Sir Wilfrid Laurier's government at the time it was decided to introduce the Naval Service Act, and I remember quite vividly the discussions which took place both in cabinet and in parliament with respect to the measure. In considering what it was advisable to do by way of an initial step, the choice lay between making provision at the outset for destroyers and cruisers, and the purchase of dreadnoughts. I recollect that as stated the complete policy was for a fleet unit on the Atlantic and on the Pacific, such service when finally constructed to consist of destroyers, cruisers and battleships. It was thought advisable to begin with the smaller ships, aiming ultimately at a service which would embrace the different classes I have mentioned.

My right hon. friend's observations to-night with respect to tenders not having been

awarded prior to 1911 brings back to my mind how scrupulously honourable Sir Wilfrid Laurier was in dealing with public matters. He sought to avoid even the appearance of questionable dealings with respect to any public matter and more especially transactions of national significance, and the defence policy was in that category. I well recall tenders being placed before the cabinet for consideration prior to the election of 1911, and Sir Wilfrid Laurier taking very strongly the position that while for many reasons it might be advisable to award tenders before the election so that there might be no question about the government's intention of going on with the naval service, nevertheless to award contracts of the magnitude involved on the eve of a general election would mean taking a step which in the minds of the public might be misinterpreted. On this ground he held that it would be preferable to leave the awarding of tenders until the election was over. For that reason the date upon which tenders were to be awarded was fixed, as my right hon. friend has pointed out, at a date shortly after that fixed for the election itself.

Hon. members will recollect that 1911 was a year of a general election in which political contest the main subject of controversy was the question of reciprocity. Those who participated in the campaign in the provinces of Ontario and Quebec will recall that in addition to the question of reciprocity the whole question of the naval service, and what it suggested in relations between Canada and other parts of the world, and the British Empire in particular, was very fully discussed. In Ontario Sir Wilfrid was bitterly criticized throughout the campaign for what was termed his separatist policy and his tin pot navy. What was being attempted was described as something absolutely useless and having a separatist tendency. In the province of Quebec a different campaign was waged. There it was stated that the Laurier policy was intended to force Canadians into European wars, that it was a species of jingo imperialism, that Sir Wilfrid had become a jingo imperialist, that a jingo imperialist was at the head of the Liberal party and must not be supported any longer as leader of the government of the country.

Hon. members will also recall that out of the agitation in the province of Quebec a third party, a new party developed. That party was not known as the Conservative or the Liberal party, but was called the Nationalist party. That party, as subsequent disclosures proved, had been financed during the campaign by the Conservative party and was in alliance with it. There was a secret understanding that if the Liberal administration was defeated in the campaign by the Nationalists in the province of Quebec and Conservatives in other provinces, the two would unite after the election to form a government to control the affairs of the country.

As results proved, from the standpoint of political strategy the course which had been adopted was successful. A large number of candidates returned as Nationalists were seen to be Conservatives, when it came to their being seated in the house and arrangements for government were in the making. The two parties combined, the Conservative and the Nationalist, were sufficiently large in numbers to defeat the Liberal administration.

What I want to say this evening is that there is something in the nature of poetic justice in the fact that at the end of a little more than a quarter of a century, after all these divisions have taken place and, fortunately, have been largely forgotten, it should remain to the leader of the Conservative party, the party which defeated Sir Wilfrid Laurier on his naval policy, to be the one to pronounce a strong eulogy with respect to every aspect of the policy put forward by Sir Wilfrid at that time. I want to express to my right hon. friend my appreciation of his manliness in standing up as he has to-night, and crediting Sir Wilfrid Laurier with wisdom and consistency from beginning to end with respect to his policy of naval defence, a consistency which the Liberal party as a whole can also claim. I say that, because we have never at any time departed from our belief that the Laurier policy was the wise and the sound one.

More than that, looking back on the events of the great war, we have reason to know that had the Laurier policy been continued, as it should have been, and had there been that same feeling of loyalty of all parties as has been expressed by my right hon. friend, the fleet unit on the Pacific coast would have played for Canada a part comparable to that which one or two of the ships of the Australian naval service, created at the same time, played for Australia in the course of the great war.

Mr. BENNETT: I believe they were a little ahead of us.

Mr. MACKENZIE KING: As a matter of fact, the two services were decided upon at the same time, but the work of construction of the Australian naval service commenced at a date earlier than that on the Canadian naval service.

Mr. BENNETT: They had their ships afloat when the war began.

Mr. MACKENZIE KING: Yes, that is correct, and we would have had our ships afloat when the war began had it not been for the attitude of those who opposed Sir Wilfrid Laurier's policy at the general election of 1911. That is the point to which I wish to draw attention. That concerns the one representation in what my right hon. friend has said to-night to which I take exception. He said that the reason for the change in policy was because of an emergency.

Mr. BENNETT: That is so.

Mr. MACKENZIE KING: That was not the reason. The reason was that after the Conservative party came into power because of the attack on the Laurier naval policy, it found it could not unite on any naval policy. There was a wide division in the party which made it necessary to find some other means of dealing with and at the same time shelving the question of naval defence. Unfortunately there are not many in the house to-night who were here at that time, but there will be some who will recall that when Sir Robert Borden formed his cabinet he took in the Hon. Mr. Monk, who was one of the leaders of the Nationalist party. Mr. Monk was a leading Conservative, but he left the party assumedly to lead the Nationalist party in the province of Quebec. There was Mr. LaVergne and others who claimed they were entitled to seats in the cabinet for the part they had played as Nationalists. For a year nothing was done with respect to defence but Sir Robert Borden was ultimately obliged to take some action with regard to naval defence. The minute that he took any action, that minute Mr. Monk resigned from the government and a serious situation was created for the administration.

In order to do something, Sir Robert Borden determined upon the policy of making a contribution in the form of three of the largest dreadnoughts in the world, to cost $35,000,000. How was that action construed? Was it construed as being a policy of Canadian defence or was it construed as being a policy of imperial defence? The answer given to that question depended upon the part of Canada in which the question was asked. When it was asked in the province of Quebec the answer would be: We are making a contribution to get rid of this business of defence once and for all; that is what Sir Robert Borden has in mind; he does not want to start a naval service in Canada and have a navy on our Atlantic and Pacific coasts as a result of which Canada will certainly be drawn into European and Asiatic conflicts that may take place; he wants to get rid of what has been begun, so he makes this contribution. On the other hand, if the question was asked in Ontario, the reply would be that this was to meet an emergent condition; that the situation of the empire was so serious that we could not wait to construct a Canadian naval service; we had to make an immediate contribution.

Mr. STIRLING: Surely reference should be made to the great difficulty connected with the manning of the two cruisers which had been provided under the 1910 act; they were undermanned.

Mr. MACKENZIE KING: I must say that I regret having to bring this matter into the discussion because it relates to something that is not creditable and that fortunately belongs to the past. I am crediting my right hon. friend with having given a true outline of the policy of Sir Wilfrid Laurier with regard to Canadian defence and imperial defence. He has stated it very clearly and fairly, but it must not be forgotten that Sir Wilfrid Laurier suffered political defeat at the instance of the Conservative party for taking the stand he took at that time. He suffered defeat in his own province and lost the confidence of men who were dearer to his heart than those in any other part of the dominion. He suffered defeat and his policies alike of trade and defence suffered defeat—because he was so completely misrepresented. I feel it due to his memory to recall the circumstances. It is now said that it was simply a question of emergency; but that is not so. The political warfare of that time created a chapter in our political history which I am sure many of those who figured in it have often wished might never have been written.

However, let the past be past. May I say again that nothing could have vindicated Sir Wilfrid Laurier's memory and his position with respect to the defence of Canada, and the relations of Canada to the British Empire, more splendidly or eloquently than the words uttered this evening by my right hon. friend. I join with him in his view that so far as the future of the naval defence of Canada is concerned, the policy cannot be better expressed than it is in the Naval Service Act. That act was passed during the administration of Sir Wilfrid Laurier and as my right hon. friend has said, it has remained upon the statute books up to the present time with very little, if any, material change.

The act contemplates the gradual development of fleet units on the Atlantic and the Pacific. It looks to Canada taking an increasing share in the protection of her own coasts. This is why, in bringing forward the defence measures which the government

brought forward this year, we stressed as strongly as we did the fact that these measures were for the defence of Canada. At the close of the debate I was very careful to say that one of the reasons why it had been necessary to stress so strongly that these measures were for the defence of Canada was because it had been represented in many quarters that they were not for the defence of Canada, that the government was taking the action it was in order to be prepared to send another expeditionary force overseas. That was a ground of opposition to our defence policy.

I may be entirely wrong, but I doubt very much if the British government itself will ever send another expeditionary force to Europe. I think it is extremely doubtful if any of the British dominions will ever send another expeditionary force to Europe. Were war to come on suddenly, I think we would find that the conditions of a world conflict would be so different from what they were in the last war, that anything in the nature of expeditionary forces to be sent from one continent to another would occasion a good deal more than second thought.

However, that is apart from the question. What I have risen also to say is that the minister in asking for this appropriation to purchase the two destroyers is doing so to enable us to increase the Canadian naval service under the Canadian Naval Service Act. The Canadian Naval Service Act has since the time it was passed until to-day stood consistently as the expression of Liberal policy, now Canada's policy on naval defence. It will continue so to stand.

Mr. BENNETT: I may suggest to the right hon. leader of the government that section 20 of the Naval Service Act provides:

> In case of an emergency the governor in council may place at the disposal of His Majesty, for general service in the Royal Navy, the naval service or any part thereof, any ships or vessels of the naval service, and the officers and seamen serving in such ships or vessels, or any officers or seamen belonging to the naval service.

That action by order in council would indicate an emergency. However, that is a matter of unimportance in one sense as parliament would be called in any event within fifteen days. I think it is highly undesirable to discuss that disputatious matter in connection with this question. There should be some effort at coordination and cooperation between the government of Canada and the government of Great Britain at the approaching conference. We are replacing two worn out destroyers which were loaned to us with two which we are buying at a cost of one million dollars each. Four destroyers and four mine sweepers are insignificant compared with what was contemplated by Sir Wilfrid Laurier. In that regard it might be well to point out that the initial action was taken by Sir George Foster. It is a little difficult to understand how the replacement of a couple of worn out destroyers by the purchase of four-year old destroyers can be regarded as in any sense coordination or cooperation in the sense in which Sir Wilfrid Laurier intended.

My purpose in speaking, however, was rather to invite the government to avail itself of the opportunity than to engage in contentious discussion with respect to these matters. It is a sharply contentious question whether or not there was an emergency. I thought in 1912 that there never was a greater emergency—with the completion of the Kiel canal, the beginning of the construction of dreadnoughts, and the passing of the naval act in Germany. That was my view then; it is my view still, and we could not have had a fleet unit ready had we let the tenders in September, 1911, for that purpose. But there are matters which have to do with what you might call the narrow and contentious side of what is after all an issue far larger than individuals or parties, affecting as it does so supremely the preservation of civilization and the peace and happiness of the world. My object was to avoid as far as possible any contentious element and keep within the language used by Sir Wilfrid Laurier, to which I have given adherence on so many occasions, and to which I still adhere, because it met with the approval of the Conservative party in 1909 and 1910; in 1909, when the resolution was brought forward and accepted unanimously by the House of Commons; and in 1910, when the Naval Act was passed in furtherance of the resolution passed in 1909. That is why, instead of using my own words, although it is painful to the house to listen to so much reading, I have quoted from the speeches of Sir Wilfrid in 1912 to indicate the history that brought about the passing of the Naval Act.

I do not desire to get into any discussion of nationalist issues or the difficulties that were experienced, but I again urge upon the Prime Minister and his ministers the great necessity at this time, in view of the similarity of the conditions now existing with those to which Sir Wilfrid referred, of coordinating if possible our effort with the larger effort, and of cooperating by every means within our power with the British government for the purposes indicated in the speeches to which I have referred, and which fully express my opinions with respect to this matter.

Mr. MacNEIL: Would the minister indicate when these destroyers will be commissioned in the Canadian Naval Service?

Mr. MACKENZIE (Vancouver): Oh, they have been commissioned since some date early in March, and they are now on their way to Canadian shores. I believe that yesterday they were in Barbadoes.

Mr. DOUGLAS: Could the minister tell us how old these destroyers are, and what they cost when originally built by the British admiralty?

Mr. MACKENZIE (Vancouver): They are a little over four years old. They were completed in 1932 at a cost of $1,384,300 each.

Mr. MacNEIL: Are they classified as obsolete by the British naval service?

Mr. MACKENZIE (Vancouver): No, they are absolutely modern and in first-class condition.

Mr. MacNEIL: What refitting was necessary before their dispatch to Canada?

Mr. MACKENZIE (Vancouver): Just a general observation of their condition as regards engines and other equipment, in the dockyards in England.

Item agreed to.

Governor General's Warrants—To provide for direct relief expenditures in the drought areas of the provinces of Manitoba, Saskatchewan and Alberta (Governor General's warrant of October 7, 1936): $7,300,000.

Mr. MACKENZIE KING: These are governor general's warrants. My right hon. friend said the other evening that he thought it was quite proper to use the governor general's warrants for the purposes of drought relief, so he might be prepared to let this item pass.

Mr. BENNETT: No. The point upon which I want information is the extent of the expenditures and for what purposes they were made, up to and including the present month, so that there may be on the record a memorandum of what money has been spent. I have regard to what the Prime Minister has often pressed very strongly upon us, namely the desirability of keeping within the terms of that section with respect to the expenditures themselves. It will not take long.

Mr. DUNNING: Under feed and fodder expended under governor general's warrants—this is up to March 23, and my right hon. friend will understand, of course, that expenditure is going on continuously—

Mr. BENNETT: I do.

Mr. DUNNING: With respect to the feed and fodder agreements, if we add together the total disbursements already made, and commitments registered with the comptroller, we reach a total for the three provinces of $4,060,000, which is expected to be the total to the end of the fiscal year, as against the warrant amount of $4,700,000. With respect to direct relief agreements for the three provinces, including disbursements already made and commitments registered with the comptroller, we reach a total of $5,325,000 as the estimated cost to the end of the year, as against warrants of $7,300,000.

Mr. BENNETT: By what method was the fodder and feed purchased?

Mr. GARDINER: The method under which it is distributed?

Mr. BENNETT: No, purchased.

Mr. GARDINER: The provincial government made the actual purchases of the feed and fodder.

Mr. BENNETT: In all the three provinces?

Mr. GARDINER: Yes, in all three provinces. The federal government did the grading of the hay in all three provinces; that is, we had graders grading the hay in the parts of the provinces where the purchases were made. The payments of freight, of course, were made by the provincial government to the railway companies, shipping from the northern parts of the province to the southern areas. The distribution was made at the point of distribution through the municipal council, and again the distribution was checked by federal inspectors, and the payments when made were on the basis of prices that were established in the agreements entered into. That is, maximum prices were established for the different grades of fodder; the prices paid for grain were the market prices plus the freight. I think the way in which it is stated is this: It is the market price at Fort William less the freight from the shipping point to Fort William, plus the freight from the particular point at which the grain was purchased to the point at which it was distributed, plus a premium of three cents per bushel. That, I think, pretty well covers it.

Mr. BENNETT: Will the particulars of the $7,300,000 and the $4,940,000 appear in the auditor general's report, or just as lump sum distributions to the provinces?

Mr. DUNNING: So many thousands of accounts are involved that I doubt if particulars can be given. I appreciate the desirability of doing so.

Mr. BENNETT: The minister sees the point, having regard to the terms of the statute regarding governor general's warrants.

Mr. DUNNING: I shall be glad to take up that point. I may tell my right hon. friend that, in order to cover the matter as fully as possible, the comptroller of the treasury was instructed at the commencement to put his whole organization in to control expenditures, having regard to the fact that we were through the provincial governments, even under the regulations that the Minister of Agriculture has already described, expending funds under governor general's warrant. There is, of course, pre-audit continuously going on by the comptroller general's agents at the various provincial capitals.

Mr. DOUGLAS: I should like to take this opportunity of drawing to the attention of the government something which I have already referred to the Minister of Agriculture; I allude to the very pressing need at the present time of seed and feed for seeding.

Mr. DUNNING: If the hon. member was in the house he must have heard the Prime Minister indicate to-night that one of the measures to be brought down this session is with respect to the guarantee of seed grain. If my hon. friend would be good enough not to confuse that issue with this, it will make it a great deal easier for all of us.

Mr. DOUGLAS: I am not intending to confuse it. I understand from the statements of both the Prime Minister and the Minister of Agriculture that a bill is being brought down to that effect. I merely wanted to touch on the fact that while this is going to provide for feed and fodder for the year which is just about completed, there is at this time a very great need of seed and feed, and immediate action in that respect is necessary. I have had a number of letters and telegrams particularly from municipal bodies, who are usually responsible men and who are feeling the pressure of circumstances. I have one here which I would call to the attention of the committee:

> Council R. M. Weyburn very much opposed to reduction seed and seeding supplies revised schedule of distribution wholly inadequate feed situation deplorable ratepayers enraged by government action reversion of reductions imperative to forestall otherwise probable drastic outbreaks seriousness of situation cannot be over estimated immediate action dominion government absolutely necessary.
>
> L. D. Kusch,
> Secretary Treasurer.

I shall have something further to say when the actual legislation is before the house, but I do think that the present situation in the drought area ought to impress upon the house the necessity for the money that was spent last year and the importance of keeping in mind the necessity for a large grant when we come to discuss this matter in connection with the minister's bill.

Mr. QUELCH: Can the minister say where the responsibility lies for defining a drought area? It is hard to draw a line and say that drought relief shall be given on one side and not on the other. Several instances have been brought to my attention where injustice has been done. I drew the matter to the attention of the provincial government and they referred me to the federal government as the responsible authority. I then took it up with the representative, Mr. Chester, who informed me that the provincial government was responsible. I found it almost impossible to get either side to take the responsibility.

Mr. GARDINER: The responsibility can scarcely be said to rest wholly either on the provincial government or on the federal government. The representatives of all three western governments came to Ottawa last September and conducted negotiations with the federal government for assistance. At that time we made a check of the conditions in the west, and the provincial governments also had a check made. They presented to us a list of the municipalities which they estimated would require feed and fodder and direct relief during the winter months. We checked up on their representations with regard to municipalities, and I believe the number presented first by the government of Saskatchewan was in the neighbourhood of a hundred and fifty municipalities, and in Alberta one hundred and twenty-five; in Manitoba there was a group that represented probably about thirty or forty municipalities to begin with.

After we had made our final check, both federal and provincial, the province of Alberta was inclined to the belief that about eighty would have to come in before the end of the season, Saskatchewan about one hundred and twenty-five, and Manitoba about twenty-five.

Then we went over the entire list again and reduced the number for Alberta to about sixty-eight or seventy at most, the number for Saskatchewan got down to about one hundred and four or one hundred and five, and the number for Manitoba to eight and a half municipalities.

It was undertaken in the agreement—I have copies of these agreements—that these municipalities were to be admitted immediately, and they were so admitted as from the first of the relief year, that is the first of September; and the federal government took responsibility for any relief that was necessary in that year, either direct relief or feed and fodder, down to the end of the fiscal year, March 31, a few days hence.

We then entered into an arrangement whereby any municipalities that desired to enter in addition to these, might make application to the provincial government, which application had to be accompanied by all information with regard to the amount of feed and fodder that was in the municipality, the number of people who were there, the number requiring assistance, and all other information with regard to the financial position of the municipality. There was a regular questionnaire that had to be filled out by any municipality desiring to come in. The province then formed its judgment in the matter, and the information it had obtained from the municipality it passed on to our office, the P.F.R.A. office in Regina, which was placed in charge of the inspection staff. When Mr. Mann of that office obtained a request, whether it came by way of Ottawa or direct from the provincial government, he sent out our inspectors to check up on the municipality so as to find out whether or not the information that had been sent in was reliable and in accordance with the facts, and we made the final decision whether any other municipality was to be admitted. But all parties to the arrangement took some responsibility in the matter and I believe there was a fairly unanimous agreement with regard to the admissions that were finally made.

Item agreed to.

To provide for expenditures for feed and fodder, freight charges on shipment of cattle, etc., in the drought areas of the provinces of Manitoba, Saskatchewan and Alberta (governor general's warrant of October 7, 1936), $4,940,000.

Mr. DOUGLAS: What arrangement was made for the disposal of cattle in the southern part of the drought area of Saskatchewan? Was it done through the packing houses?

Mr. GARDINER: Three plans were followed. One was to pay the freight on the shipment of cattle to the abattoirs, guaranteeing the abattoirs at least a cent a pound on any meat that was shipped in under that arrangement. That provided for getting rid of the poorer classes of cattle. These were to be canned or otherwise processed and shipped out of Canada for marketing. I understand it was impossible to market it all in that way and a small proportion has been marketed inside Canada by permission of both the federal and the provincial governments.

By another arrangement we were to pay the freight on cattle to be shipped out of the drought area into any other part of western Canada where feed could be obtained, the province and the federal government sharing fifty-fifty the cost of shipping the cattle.

[Mr. Gardiner.]

There was a third policy. We paid half the freight on fodder cattle shipped out of that area if purchased in the area and shipped anywhere in eastern Canada. The province paid the other fifty per cent of the freight, making it possible for persons going from the province of Quebec to the west to buy cattle and have the freight paid outright from the west to Quebec.

Mr. DOUGLAS: Has the minister any idea of the number of head of cattle under each of these classifications?

Mr. GARDINER: About 18,000 cattle came down to eastern Canada under the arrangement, as far as we have been able to check to date. There is no payment due on them until three months after they have been shipped. That three months is about up; most have been checked, and I think about 43,000 head of lambs came under the same arrangement.

Mr. DOUGLAS: Are there any figures as to the other two?

Mr. GARDINER: The numbers were comparatively small this year as compared with 1934. I have forgotten the number but there was not any large shipment.

Mr. DOUGLAS: I had a number of complaints as I went through the southern part of the province concerning the packing companies handling cattle. I cannot vouch that the statements are accurate, but farmers who spoke to me said the representative of the packing houses went through and said: Canner, canner, canner—occasionally feeder, here and there—and they were compelled to accept their grading, and they got a cent a pound for feeders.

Mr. GARDINER: The fact is that one of the reasons the number was so low was that very few went in at the beginning of the season, for persons went out and paid more for cattle than was being paid under the cannery policy. In addition there was opportunity to dispose of cattle under other policies which tended at least to obviate any such difficulty.

Item agreed to.

SOCKEYE SALMON FISHERIES

Mr. MACKENZIE KING: Before the house adjourns, hon. members will perhaps grant their unanimous consent to my presenting a resolution to advise the Senate that we passed two resolutions to-day in relation to external affairs, and to ask their honours if they will unite with us. I need not read them.

Mr. BENNETT: The usual form.

Mr. MACKENZIE KING: The orders of the day for the next meeting of the Senate I believe have already been made up. I move, Mr. Speaker:

That a message be sent to the senate informing their honours that this house has adopted a resolution approving of the provisions of the convention between Canada and the United States of America for the protection and preservation and extension of the sockeye salmon fisheries in the Fraser river system, signed at Washington, May 26, 1930; attached hereto being the understandings set forth in said resolution; and requesting that their honours will unite with this house in the approval of this said resolution.

And that the clerk of the house do carry the said message to the senate.

Motion agreed to.

NON-RESIDENT INCOME TAX

Mr. MACKENZIE KING moved:

That a message be sent to the senate informing their honours that this house has adopted a resolution approving of the provisions of the convention between Canada and the United States of America, concerning rates of income tax imposed upon non-resident individuals and corporations, signed at Washington, December 30, 1936; and requesting that their honours will unite with this house in the approval of the said resolution.

And that the clerk of the house do carry the said message to the senate.

Motion agreed to.

It being six minutes after eleven o'clock the house adjourned, without question put, pursuant to standing order.

Monday, March 29, 1937.

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADIAN FLAG

Mr. McINTOSH:

1. What flag will Canada display as a distinct national emblem at the coronation ceremony of His Majesty King George VI, on May 12, 1937?

2. Has Canada, a self-governing community within the British commonwealth of nations, a recognized distinctive national flag?

3. Have Australia, New Zealand, South Africa, the Irish Free State, all self-governing communities within the British commonwealth of nations, recognized distinctive national flags?

4. Has India a national flag?

5. What colonies, with or without some degree of representative government, have their own distinctive flags?

Mr. MACKENZIE KING:

1. It is proposed to display, as the Canadian standard, the Arms of Canada granted by royal proclamation dated November 21, 1921, with the royal crown at the staff.

2. Canada has not a recognized distinctive national flag. The red ensign with the Arms of Canada in the fly is used on vessels of the Canadian mercantile marine. The blue ensign is used on vessels belonging to the dominion of Canada. By order in council of the 26th January, 1924, authority was given for the flying of the red ensign with the Arms of Canada in the fly on suitable occasions from all buildings owned or occupied by the Canadian government and situated outside Canada. This flag is flown from the high commissioner's office in London and the Canadian legations abroad.

3. Yes.

4. From the information available at present in the Department of External Affairs, no specific national flag has been laid down for India. As a matter of administrative practice the flag authorized for the viceroy is used as the distinctive flag of India. This flag is the union jack with, in the centre, a badge containing the Star of India and the Royal Crown. In addition, India makes use of the red and blue ensign with appropriate badge.

5. All colonies have distinctive badges which are applied to the union jack. In addition they make use of the red and blue ensign with appropriate badge.

CANADIAN BROADCASTING CORPORATION—ADDRESS BY MR. GLADSTONE MURRAY

Mr. CHURCH:

1. Has the attention of the government been called to an address delivered before the Canadian club at Montreal by Gladstone Murray, general manager of the Canadian Broadcasting Corporation, on Monday, March 22, reported at length in the Montreal Gazette of Tuesday, March 23, announcing the new national policy of the commission?

2. Was he then speaking with the authority of the commission or of the government or of both?

3. Will a copy of said address be laid on the table of the house?

Mr. HOWE:

1. No.

2 and 3. Answered by No. 1.

EXPORTS OF CANADIAN HAY

Mr. LALONDE:

1. How many tons of Canadian hay were exported in each month of 1935 and 1936?

2. To what countries was such hay exported?

3. What is the average price paid per ton f.o.b. Canadian ports by foreign importers?

Mr. ROGERS:

1. and 2.

1. Exports of Hay from Canada by Countries

(By Months—January-December, 1935)

(Tons of 2,000 pounds)

Countries	January	February	March	April	May	June	July	August	September	October	November	December
To United Kingdom	437	.....	563	.....	1,452	3,954	4,986	3,233	1,826	1,668	3,850	1,632
Bermuda	68	36	192	108	278	302	177	151	219	203	354	367
British Straits Settlements	6	6	7	4	6	6	10	10	7	9	7	7
British Guiana	.....	12	.....	20	6	27	9	6	.....	5	10	18
British Honduras	.....	1	2	1	1	1	1	.....	2	.....	.....	.....
Barbados	.....	.....	1	30	11	.....	5	2	17	1	1	4
Jamaica	12	1	.....	.....	19	10	14	.....	2	16	2	.....
Trinidad and Tobago	14	.....	.....	.....	24	22	.....	4	21	5	17	31
Other Br. West Indies	5	.....	1	1	2	5	4	2	14	6	5	1
Hong Kong	.....	.....	9	.....	.....	.....	.....	.....	.....	10	.....	5
Newfoundland	303	89	84	51	376	340	437	253	344	1,321	1,354	949
China	2	4	22	9	4	5	14	.....	10	1	2	1
Cuba	.....	.....	.....	.....	.....	.....	.....	.....	376	450	1,250	13
St. Pierre and Miquelon	2	5	31	38	58	44	14	.....	.....	49	93	103
Dutch East Indies	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1
United States	9,149	19,263	18,799	8,168	9,717	2,536	490	182	93	240	186	47
Puerto Rico	10	.....	.....	.....	17	27	14	9	12	.....	23	54
Total Domestic Exports	10,008	19,417	19,711	8,430	11,971	7,279	6,175	3,852	2,943	3,984	7,154	3,233

2. Exports of Hay from Canada by Countries

(By Months—January-December, 1936)

(Tons of 2,000 pounds)

Countries	January	February	March	April	May	June	July	August	September	October	November	December
To United Kingdom	.....	137	257	390	2,376	4,265	4,039	8,082	9,447	7,506	5,223	4,944
Irish Free State	.....	.....	.....	.....	.....	.....	27	.....	.....	.....	.....	.....
Bermuda	29	124	180	110	334	253	225	202	183	271	284	229
British Straits Settlements	6	8	1	1	6	5	7	11	18	2	17	9
British Guiana	.....	4	.....	.....	5	.....	11	.....	21	13	.....	28
British Honduras	.....	1	.....	1	.....	.....	.....	.....	.....	.....	.....	.....
Barbados	.....	.....	2	30	38	49	5	3	.....	2	2	16
Jamaica	1	.....	32	.....	.....	.....	13	.....	.....	10	5	13
Trinidad and Tobago	.....	.....	.....	.....	3	.....	3	.....	.....	16	.....	3
Other Br. West Indies	.....	.....	2	.....	3	2	3	3	2	4	14	1
Hong Kong	20	.....	5	10	.....	.....	.....	26	3	18	10	5
Newfoundland	261	126	322	100	368	201	311	438	783	791	292	486
China	2	1	10	1	2	1	9	9	2	10	1	1
Cuba	.....	.....	.....	.....	.....	648	.....	87	990	190	558	.....
St. Pierre and Miquelon	.....	38	26	12	10	2	16	.....	53	60	100	20
Panama	.....	24	.....	.....	.....	.....	.....	.....	.....	14	.....	18
United States	379	600	1,039	522	507	593	1,951	6,565	12,503	11,147	13,319	21,469
Hawaii	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	17
Philippine Islands	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	3	.....
Puerto Rico	.....	.....	.....	.....	28	30	.....	40	12	53	39	117
Total Domestic Exports	698	1,063	1,876	1,177	3,680	6,049	6,620	15,466	24,017	20,107	19,867	27,376

3. 1935 — $10.38 per ton.
1936 — $ 7.73 per ton.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FINANCIAL ASSISTANCE TO PEACE RIVER COUNTRY

Mr. PELLETIER:

1. How much money has been expended by the federal government directly in the form of direct relief in the Peace river country, since October, 1935?

2. How was this money spent?

3. Has any money in any form, calculated to assist unemployment, been spent in the Peace river country since October 15, 1935?

4. Has the government given any assistance to farmers in the Peace river country because of drought conditions, since October, 1935?

5. What financial assistance, if any, has been given the citizens of the Peace river country in any form, since October 15, 1935?

6. Has any grant been made by the federal government to the province of Alberta as a contribution to road work in the Peace river country?

7. If so, how much, and when was it paid?

8. Was any road building or road improving project within the Peace river country submitted to the federal government by the government of the province of Alberta?

9. If so, was it approved or was any project approved?

FEDERAL LOANS TO WESTERN PROVINCES

Mr. PELLETIER:

What amounts have been loaned directly by the federal government or what loans backed by a federal guarantee have been made to: (1) the province of Alberta; (2) the province of Saskatchewan; (3) the province of Manitoba, since October 15, 1935?

INTERIOR DEPARTMENT STAFF

Mr. MULOCK:

1. How many of the 11 returned men under forty years of age on the lay-off list in the Interior department were on the staff at Ottawa, and what are their names?

2. How many of said returned men were employed in provinces other than Ontario, and in what province or provinces?

3. How many of these men were seasonal or part-time employees; what are their names, and what province do they come from?

4. What are the names, the departments assigned to, the date of permanent appointments of each of the 78 persons who received permanent appointments in the calendar year 1936 by the Civil Service Commission from the Department of Interior lay-off list?

5. How many of the 78 permanent appointments made from the Interior department lay-off list by the Civil Service Commission during the calendar year 1936 were holding temporary positions before being appointed to permanent positions?

6. How many individuals are involved in the 69 temporary assignments made from the Department of Interior lay-off list by the Civil Service Commission during the calendar year 1936?

[Mr. Rogers.]

7. How many individuals from the Interior department lay-off list lost their temporary positions during the calendar year 1936?

8. What amount of money has been paid in each calendar year as superannuation to each of the 11 returned men under forty years of age on the lay-off list of the Interior department who have not been assigned to any position and are shown to have been superannuated?

MOTIONS FOR PAPERS

BEAR RIVER, N.S., PUBLIC WORKS

Mr. BROOKS:

For a copy of all payrolls showing money expended and to whom it was paid on certain undertakings made by the federal Department of Public Works at Bear River, Annapolis county, Nova Scotia, during the year 1936.

YOHO NATIONAL PARK MINING CLAIMS

Mr. NEILL:

For a copy of all correspondence, evidence, reports and agreements between the dominion government, or the Department of the Interior, and A. B. Trites et al., or Base Metals Mining Corporation Limited, relating to certain mining claims in the Yoho national park during the period between the 18th day of February, 1935, and present date.

KOOTENAY PARK MINING CLAIMS

Mr. NEILL:

For a copy of all correspondence, evidence, reports and other papers and documents, passing between any member or official of the government, and any other parties, relating to the staking, recording, assessment work, or in any other way, to the Albion group mining claims, Nos. 1, 2, 3, 4, 5 and 6 in Kootenay park, British Columbia, such return to cover the period from February 18, 1935, to date.

VERDUN, QUE., POSTMASTER

Mr. MASSEY (for Mr. Wermenlinger):

For a copy of all correspondence, telegrams, documents, reports of inquiry and judgment regarding the dismissal of Mr. J. Raymond, 5365 LaSalle boulevard, Verdun, Quebec, as postmaster of that city, and also concerning the removal of the said post office to a building located on Verdun avenue, in the same city.

ROYAL CANADIAN MOUNTED POLICE—BRITISH COLUMBIA SERVICE

Mr. GREEN:

For a copy of all correspondence, telegrams, reports, memoranda, and other documents passed between the dominion government or any department thereof and the government of the province of British Columbia or any department thereof relative to the Royal Canadian Mounted Police taking over the policing of the said province from the British Columbia police.

DOMINION ATLANTIC RAILWAY COMPANY

Mr. PURDY:

For a copy of order in council dated 6th August, 1914, and copy of agreement with the Dominion Atlantic Railway Company attached thereto, both documents being referred to in sessional paper 241.

LOANS TO WESTERN PROVINCES

Mr. PELLETIER:

For a copy of all orders in council passed since October 19, 1935, concerning the renewing, granting or authorizing of any loans to: (a) Alberta; (b) Saskatchewan, and (c) Manitoba.

Mr. DUNNING: The copies of orders in council mentioned in this motion are already in possession of the house, having been tabled from time to time, in accordance with the law; therefore there is no necessity for the motion.

Mr. SPEAKER: Dropped.

BUSINESS OF THE HOUSE

MORNING SITTINGS ON AND AFTER WEDNESDAY, MARCH 31

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

That on Wednesday, the 31st instant, and every sitting day thereafter until the end of the session, the house shall meet at 11 o'clock in the morning, and that in addition to the usual intermission at 6 o'clock p.m., there shall be an intermission every day from one to three o'clock p.m.

Motion agreed to.

CANADA-UNITED STATES HALIBUT FISHERY CONVENTION

On the order, "Government Notices of Motions":

The Prime Minister—In committee of the whole—The following resolution:

Resolved,—That it is expedient to introduce a measure to confirm and sanction a certain convention between Canada and the United States of America for the preservation of the halibut fishery of the northern Pacific ocean and Bering sea, signed at Ottawa on the 30th day of January, 1937, and to provide for the carrying out of the provisions thereof.

Mr. MACKENZIE KING: Stand.

Mr. BENNETT: Might we not put it through a stage?

Mr. MACKENZIE KING: I have not the bill with me. My right hon. friend will notice that there is a bill founded on the resolution. If it is agreeable to the house to pass the resolution, the bill can be brought in later. The convention is attached to the bill.

Mr. BENNETT: Inasmuch as the expediency or inexpediency of the measure cannot be considered until such time as it is before the house, I have suggested, without prejudice to our position or that of any hon. member, that the resolution might go through committee stage and the bill be introduced and given first reading. The bill would then be printed and hon. members would be aware of its contents.

Mr. MACKENZIE KING: The bill is not ready; therefore the motion had better stand.

Motion stands.

MAIL DELIVERY ON GOOD FRIDAY

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): Mr. Speaker, before the orders of the day are called I should like to ask a question of the Postmaster General (Mr. Elliott). A few days ago an order was issued from Ottawa providing for only morning postal delivery on Good Friday. Why was the order rescinded on Thursday, March 25, and a full, regular daily service carried out on Good Friday?

Hon. J. C. ELLIOTT (Postmaster General): I shall make inquiries and give the hon. member an answer to his question Has he any particular place in mind?

Mr. LENNARD: I know of two places, Toronto and Hamilton.

Mr. NORMAN J. M. LOCKHART (Lincoln): Further to the question asked of the Postmaster General (Mr. Elliott) by the hon. member for Wentworth (Mr. Lennard), I should like to ask the Postmaster General to inquire into what took place at the post office in St. Catharines. I was home over the week-end and I was told that some of the men had arranged for an outing on the following afternoon; it was only at five o'clock on Thursday that they received the message that they would have to work on Good Friday.

TRADE AND INDUSTRY COMMISSION

INQUIRY WITH RESPECT TO APPOINTMENT OF PUBLIC PROSECUTOR

On the orders of the day:

Mr. H. J. BARBER (Fraser Valley): Mr. Speaker, before the orders of the day are proceeded with I should like to ask a question based on a number of letters received from merchants throughout Canada. Is it the intention of the government at a very early date

to appoint a public prosecutor as provided by the Dominion Trade and Industry Commission Act?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The matter is under consideration.

NEW WESTMINSTER PENITENTIARY

On the orders of the day:

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, on March 24, the member for New Westminster (Mr. Reid) drew my attention to an unusual occurrence in connection with the administration of the penitentiary at New Westminster. His statement was to the effect that some person or persons had broken into the penitentiary, over the high wall surrounding that institution, and had got away with some valuable material.

The facts are that veterinary supplies of the organization valued at $24 were stolen from the piggery during the night of March 16, 1937. The piggery is a detached building outside of the penitentiary walls, situated on the reserve about two hundred yards to the west of the southwest gate. The drugs referred to are used for inoculation purposes and were not considered as being articles likely to be stolen. However, necessary steps are being taken to prevent a similar occurrence in the future.

PRIVILEGE—MR. GLEN

On the orders of the day:

Mr. J. A. GLEN (Marquette): Mr. Speaker, on Thursday last the hon. member for Greenwood (Mr. Massey) referred to some statements which I had made as reported on page 2097 of Hansard. I was referring to remarks made by the hon. member for Moose Jaw (Mr. Ross), as reported on page 1872 of Hansard. The hon. member said:

> We in western Canada do not want any dole; we never did want any—
>
> Mr. Spence: You are taking a lot of it.

I was protesting against that remark and, as reported on page 2097 of Hansard, I said:

> That remark was made in reply to the hon. member for Moose Jaw (Mr. Ross).

It is clear, therefore, that the reference was to the hon. member for Parkdale (Mr. Spence) and not to the hon. member for Greenwood. I am glad to make this correction and to take this opportunity of repeating my protest against the words used by the hon. member for Parkdale.

[Mr. Barber.]

PRIVILEGE—MR. COLDWELL

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I should like to correct a statement appearing in Hansard. I have received the following message from Mr. E. M. Culliton of Regina, Saskatchewan:

> Hansard of March eleventh reports you as stating, "The same paper reported a protest meeting at Mossbank at which the Liberal M.L.A. for Gravelbourg, Mr. E. M. Culliton, indulged in strong criticism of the government's action." I attended meeting but did not criticize the actions of the government or of the wheat board regardless of report.

I am glad to make this correction.

INQUIRY FOR RETURN

GRAND TRUNK RAILWAY SECURITIES

On the orders of the day:

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, on Wednesday last I inquired of the Minister of Transport (Mr. Howe) regarding a return which had been ordered by the house some time ago. The minister was indefinite in his reply. He said:

> It deals with a delicate legal situation, and it is necessary to obtain very complete legal advice before we answer the question.

As the session is approaching rapidly to a close, I should like to ask the minister whether he can indicate—if he cannot do it to-day, to-morrow will be all right—what the attitude of the government is with regard to this return. It has been ordered by the house and I am therefore entitled to it. Of course there are certain reservations which are recognized by the house. I should like to have an indication as to whether or not I am to get this return.

Hon. C. D. HOWE (Minister of Transport): I shall follow up the matter and try to make a statement to my hon. friend.

CANADIAN NATIONAL RAILWAYS

REVISION OF ACCOUNTING SET-UP

Hon. C. D. HOWE (Minister of Transport) moved the third reading of Bill No. 12, to provide for revision of the accounting set-up of the Canadian National railway system.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I desire to restate as clearly as possible our objections to this measure as it now stands. I laid down what I conceived to be a sound principle, that is, that the balance sheet of the Canadian National Railways should show every item constituting the assets and liabilities of

that institution. Since we were last here I have looked up the great standard works upon the subject, and I find that according to them a balance sheet should give a true and correct statement of the position of the enterprise to which it refers, indicating clearly its assets and liabilities. I am particularly anxious that the Prime Minister (Mr. Mackenzie King) should be here because I cannot think that with his scrupulous regard for money votes and matters that affect accounting he can give the approval of his governmental majority to the enactment of the measure now before this house, a measure which does not comply with the definition of balance sheet which I have just given.

Several reasons were given why certain changes should be made. The first referred to certain misconceptions, but this is no longer heard of because the misconceptions can be explained away. In the memorandum which he read to the special committee, the minister dealt with what he conceived to be duplication. That argument has also gone by the board; for there can be no such thing as duplication if the accounts of the country indicate that borrowings have been made, and the accounts of the company or institution to which the money is lent indicate the receipt of that money. Finally, the minister made this statement in his closing remarks:

> Canada's financial structure as a whole is of first importance to the people of Canada. Nothing should be allowed to continue that would in any way weaken the position that Canada at present holds in the financial world. The people of Canada are rightly entitled to know what is their true financial position at all times and to have access to information that will enable them to understand the situation and to judge therefrom what their real responsibilities are. This being so, the elimination of duplication is of vital importance.

That statement involves an exact negation of the measure now before the house. As a result of the changes that have been made in the balance sheet of the railways, the particulars which are essential if the people of Canada are to understand the true position of their enterprise have disappeared. As the minister points out, it is highly important for the credit of this country that those who read may understand exactly the position. The measure now before the house indicates that, notwithstanding the consolidated audit act or any other act referring to matters of this kind, we are to deal with the accounts of the railway in a given way. The balance sheets which have been offered from time to time by the auditors of the Canadian National railway system clearly indicated the exact position of the enterprise and the amount of money the Canadian people had put into it. I suggested the other day two or three reasons why it is important that this information should always be made available in the accounts of the railway; let me briefly review them.

First, this is a public utility owned and operated by the people of Canada through an instrumentality which they themselves created, and it is essential for the purpose of determining whether or not we have administered it as successfully and as well as we should that they should know exactly what it has cost us to maintain it in its present position. Second, the question of freight rates is affected. In the past the question of rates largely has been directed to the consideration of what the traffic would bear for the purpose of making some return on the capital investment. Third, the question of wages and salaries and emoluments paid to those who administer the property is very peculiarly affected. For instance, it has been held from time to time that in certain conditions we were not able to pay as much as we might have liked to pay because the wherewithal was not being earned. It was then a question of closing up the enterprise or operating it on a scale of payments to those engaged in it which were not as generous as they otherwise might be. These are only some of the reasons which to the average man make it important that the accounts of the railway should contain a true statement of the situation.

During the progress of the discussion, both in committee and in the house, I think it was clearly indicated by all parties and by every individual that statements of value applied to shares and stocks of the Grand Trunk and the Canadian Northern which were fictitious and admittedly incorrect should be eliminated, and the balance sheet proposes to do that. But it does not stop there. In the annual report of the Canadian National Railways for the year 1936 we have on page 8 the assets, and on page 9 the liabilities of the road: the profit and loss deficit is stated to be $904,655,718.05, and the assets are given as $2,300,368,968.75. It therefore follows that the liabilities as shown on page 9 amount to the large sum of $3,205,024,686.80. Those figures are under the certificate of the auditors. The new set-up as indicated by the minister will be found in the appendix to the bill before the house, on pages 14 and 14A. As a result of the operation which has now been performed upon this balance sheet we have total assets of $2,037,597,996.72; in other words the assets have been cut down by $262,770,-972.03. The arbitrary cutting down by $262,-000,000 of the cost of the property is an operation which should not, in my judgment,

have been performed without very clear evidence as to the reasons therefor. It is admitted that in the figures appearing on the balance sheet we have the sum total or the aggregate of the moneys that have been expended upon the property. We are now reducing that by $262,000,000. I have agreed, and every member of this house will agree, that part of that sum is properly cut out, but you have no more right to remove them from the assets of the enterprise money that has been actually expended than you have to eliminate the remaining billion dollars.

The new set-up on page 14 shows the investment in the road and equipment as being $1,832,343,031.85. The figures appearing in the balance sheet issued the other day, certified by the auditors, show the investment in the road and equipment as $2,095,114,003.88. There is no doubt that that amount should be reduced by the excess value attaching to the shares as shown on the balance sheet of the Canadian Northern Railway and the Grand Trunk Railway. Nor would I quarrel with the minister if he eliminated interest as applied to government advances. But with the removal or elimination from the assets column of this road of the money that came from the government of Canada and went into the enterprise I cannot agree. It is a deceptive balance sheet which is offered to the people of Canada. It is deceptive because it eliminates the moneys that were borrowed by the people of Canada and loaned to the railway. The question whether they have real value must be determined in another column altogether and under another set of figures, but for the purpose of assets and liabilities, the matter of what moneys were expended becomes of the utmost importance. The one method is correct and the other is not; the one is true and the other is false; the one violates the statute, the other conforms to it. By the statute about to be enacted we are taking out of the operation of the general law this particular portion of our enterprise.

Now turn for a moment to the report of the Canadian Pacific Railway Company, which came to our hands the other day, and refer to their consolidated balance sheet as of December 31, 1936, which will be found at pages 20 and 21. On the assets column is shown the entire cost of their property, and the sum total is $1,362,000,000. The stocks, bonds and securities of other roads are shown. The liabilities column includes, of course, their ordinary stock and preference stock and the face value thereof—not the value at which it is being sold on the market to-day; not a price of $15 or $16, for which you can purchase a $25 share, or $60 or $65, which is quoted for a $100 share in which $123 of cash has been invested—the figure for the ordinary stock being $335,000,000, and for the preference stock, non-cumulative, $137,256,921.12, a total of $472,256,921.12. That is the sum total of the outstanding share capital of the railway in common and preferred shares, and is stated regardless of the fact that these shares upon the market have not any such value. In other words, the ordinary shares which are shown at a value of $335,000,000 are worth sixty per cent of that amount, as reflected in the maximum price at which they are selling. Then comes the perpetual four per cent debenture stock, the amount issued, the amount pledged, the amount that the public holds; bonds and equipment obligations, sinking fund secured note certificates, current liabilities, deferred liabilities, reserves and unadjusted credits; and, as was pointed out the other day, the land accounts appear in the balance sheet and the amount of the credit surplus is there stated, together with the profit and loss balance as it is. I point that out because in this respect there should not be a variance as between the accounting systems of these two enterprises.

The Interstate Commerce Commission prescribes a form of balance sheet. I took the trouble, although I could not get the last one, to look up the figures in connection with what is known as the Soo line—the Minneapolis, St. Paul and Sault Ste. Marie Railway. It owes the Canadian Pacific Railway Company a large sum of money which was paid by the company on its interest guarantee of the securities of the Soo line, and they show there as liabilities just in the amount of the face value of them. We know they are liabilities that cannot be paid; we know at least that although the Canadian Pacific Railway Company show them in the balance sheet they cannot be paid at the moment and on any reorganization they will not be paid—in money, in any event. But the Interstate Commerce Commission wants the picture disclosed in detail, and insists that it shall be done in this manner. One of our enterprises, namely the Grand Trunk Western, part of the Canadian National system, will have to make its accounting in accordance with the provisions of the Interstate Commerce Commission Act; it will have to show the amount of liability of the Grand Trunk Western to the Canadian National for moneys advanced for securities which enabled that property to be put in the condition in which it now is. The same is true with respect to the Central Vermont. When the floods destroyed that road, where did the money come from to put it in its

present shape? We sold our securities on the guarantee of the government of Canada and put in our treasury Central Vermont securities in respect of the moneys we thus invested. The Interstate Commerce Commission Act will insist upon the Central Vermont showing all this. But where are we? We claim to do it in another way. We claim that these transactions shall be recorded in another manner altogether. I protest against such a course. I cannot think that we are doing any service to the railroad itself by creating a situation which leaves with the average reader an impression wholly at variance with the facts.

I come now to the second point, that is the second section of the liabilities column of the new set-up, page 13a of the bill as considered by this house: "Proprietor's equity, dominion government," and the star indicates that these amounts are included in the net debt of Canada. That, of course, is duplication, in the sense in which the minister used the word and in which the officials have used it all through. Naturally it had to be in the public debt, because the different accounts show it, being certified by the auditor general as constituting a correct statement of our accounts. There is no change there, inasmuch as that would require that the public accounts should be dealt with on a basis entirely different from the present one. The public accounts are not being changed, and the indication here is clearly that these amounts are included in the net debt of Canada.

I am afraid that no words of mine will influence the minister, but I do plead with him. Do not let us get into this question of a securities trust company. I do not mind the use of the words "proprietor's equity," nor do I believe anyone else does, because the meaning is simply that such equity represents the money we have now in the enterprise, what it may be worth. I do not know what it may be worth, and the minister was quite frank when he said that no one does. But certainly proprietor's equity should show what we have in the system.

I would direct the minister's attention to page 13a. Instead of showing proprietor's equity, as indicating outstanding securities in money, what does the statement on that page indicate? Here we find:

1,000,000 shares of no par value stock of the Canadian National Railway Company issued in exchange for the residual value of Canadian Northern stock, $18,000,000.

Tell me, why do we want to be fooling around with one "million shares"? Why should we complicate the balance sheet by leaving in the mind of anyone the impression that a million shares of this kind have any particular value? It costs us on the basis of $18,000,000 and that is all it is necessary for us to say. All we need say is—proprietor's equity, so many shares in the Canadian National Railway Company, vested in the Minister of Finance, in whom they have always been vested. Then the second item:

5,000,000 shares of no par value capital stock issued by Securities Trust to the government in consideration for the securities, advances, claims for unpaid interest and collateral security now held by government.

I wonder if the minister has taken the trouble to realize what that means. It means that the government of Canada is going to transfer to securities trust, which company is not even incorporated by this statute, all these claims against the Canadian Northern and the Canadian National in the way of direct securities of the railways, which we now hold. We are going to turn them over to this organization and they will arbitrarily give us five million shares in return. Why could we not simplify the matter? Why could we not avoid the necessity for a trust company? Why could we not deal with it as business men would, preserving priorities, preserving our rights, not subrogating them in any sense, or lessening their vigour or value. Surely we could do that merely by saying: Securities, advances, claims for unpaid interest and collateral security now held by the government, vested in the Minister of Finance. Why could we not have done that? Why have we done it in this way? I have asked that question in vain; no one has answered it. Why should we create this enterprise? I do suggest to the minister that he eliminate this feature entirely. Then comes the other item:

Dominion government capital expenditures for Canadian government railways, $388,290,294.40.

If ever there was a right in any owner or proprietor to reduce an amount outstanding for capital, that right is ours with respect to this amount. It involves expenditures made on the National Transcontinental and the Intercolonial railway. It involves these expenditures made on these government roads, and certainly if we were to rewrite our capital structure we would write down that item in any event. But for the very reason that this is mentioned, the maritime provinces will always be faced with this item. That represents what we have in the Intercolonial railway and what we have in the road from Winnipeg down to Moncton, $388,000,000. I am not complaining about it; it represents proprietor's equity, as the minister says. But I do complain that we have set up a securities trust organization which is to come into

being later. It is to be an organization with five trustees who are to be permanent civil servants, deputy ministers and the like, and they are to hold these securities and be the company. The company is to issue five million shares which are to represent securities, advances and claims on which an arbitrary value of $270,000,000 is fixed.

I suggest once more, with all the force at my command, and certainly with no party consideration in my mind and from no partisan point of view, that we do not transfer these securities to anyone; they are now vested in the crown and the crown should continue to hold them. Instead, we should vest the title to them in the Minister of Finance, in whom, as a matter of fact, the title to most of them is now vested. The question of value to be placed upon them is a matter of argument, and in my opinion it should be argued from another angle, from which it has been already discussed. Leaving that aside, however, I plead with the minister to simplify this whole matter and not let the Canadian people, looking at the balance sheet of this enterprise hereafter, read any statement about one million shares of no par value stock of the Canadian National Railway Company and five million shares of no par value capital stock issued by Securities Trust, a company which is to come into being for the purpose of preserving priorities which would never be disturbed unless we transferred those priorities to them. They are, as they always have been, unchanged, untouched; they remain in the name of the Minister of Finance, representing the proprietor's equity in this enterprise. Surely that is fair. Why call into being an enterprise for the purpose of holding something that we now own? Why vest in a third person, a new entity, property that is now ours? It represents our equity as proprietors to-day, and we are proposing to turn it over to somebody else and have the balance sheet hereafter talk about one million shares and five million shares.

I know what would be said about that if it were done by a private enterprise; if a private corporation tried to do the same thing there is no question about what would be done. The language of the courts is clear on that point. But here we are disturbing priorities and equities for the purpose of preserving them and we are getting back to the same position in which we were before by the use of the words "proprietor's equity"; for to-day they are vested in the minister or the government. I am not sure whether they are all vested in the name of the Minister of Finance.

[Mr. Bennett.]

Mr. DUNNING: Practically all.

Mr. BENNETT: Yes, and we are going to take them out of his hands and turn them over to a new enterprise comprised of five civil servants who are to represent the proprietor's equity. It was not by accident that they were vested in the Minister of Finance. I recall a little conversation I had many moons ago with the predecessor of the Minister of Finance when I learned for the first time that he was the holder of these securities, and the reason was obvious. These are a potential asset. As a potential asset they are vested in the Minister of Finance and Receiver General of Canada. He holds them for the crown. They are not held by him in his own name; they are held by him as persona designata, the Minister of Finance and Receiver General of Canada. There are changes in occupancy; the office goes on forever. Here we take the chance of calling into being something new to hold the proprietor's equity, something new to get something from the Minister of Finance, something new that has a local habitation and a name and is to issue five million shares arbitrarily because the statute says so, to represent the equity of the people of Canada in their enterprise, the proprietor's equity. It is not only a retrograde step but a step at variance with all sound business principles. It is something that would not be permitted or tolerated in a private enterprise, something which no auditors would for a moment permit a private enterprise to do. As it now stands I think that is quite clear.

I am glad the Prime Minister is in his place; if he takes the trouble to look at the bill, commencing at section 12, he will see that a corporation is to come into being to be known as The Canadian National Railways Securities Trust, consisting of five trustees, namely the Deputy Minister of Finance, the Deputy Minister of Transport, the Deputy Minister of Justice, the chairman of the board of directors of the national railways, and the vice president of finance of the national railways. They shall serve without remuneration, and the object of the corporation shall be:

> . . . to take over and hold as authorized by this act the indebtedness to His Majesty, together with the collateral securities held by the minister in respect thereof as set out in schedule A of this act.

Later it says that this company shall be one of the many companies that together constitute the Canadian National system.

If that is not making it a little worse than it otherwise was, I cannot understand anything about business. To-day the Minister of Finance holds practically all these securities in trust for the crown. To-morrow if this

bill comes into force there is to be created a corporation to which he must turn them over from time to time as he receives them. There are now five million shares to be issued representing the proprietor's equity, and as the securities increase and the debts go up next year the figure will be perhaps five million five hundred thousand or five million two hundred thousand, and so on, as loans are advanced from time to time. When the Prime Minister desires to look at the consolidated balance sheet of the Canadian National Railways to see how it stands, instead of being able to ascertain, as he could before, all the indebtedness of this road to the crown in detail, he will have to look away over here and on page 14A he will find a little statement of the proprietor's equity showing 1,000,000 shares of no par value stock of the Canadian National Railway Company, owned by the securities trust, and 5,000,000 odd shares owned by the securities trust. He may say: "Where are the particulars?" Well, the statute says that is a matter to be settled between the securities trust and the government, and that is all there is about it. The form has been settled after a good deal of trouble; the minister said the other day, very properly, that there are some particulars in which it can be improved. In the United States they have now what they believe to be a very fair form, and they insist on its being complied with by all railways, including the parts of the Canadian Pacific which run through Maine and Minnesota, and that part of the Canadian National system known as the Grand Trunk Western and its allied and associated lines in the United States, largely branch lines which have independent corporate existence.

I summarize all I have to say, then, in these two submissions: that we should preserve our balance sheet in such form that the Canadian people will be able to ascertain by looking at it exactly what money they have invested in their enterprise; that nothing should be done that will divest the Minister of Finance, who now holds them as trustee for the country, of the various securities that constitute the proprietor's equity, and that that proprietor's equity should be indicated in detail in the balance sheet of the enterprise as it has been heretofore, although I will not quarrel with any effort the minister may make to determine a value that he may place upon it for balance sheet purposes, provided the details of it are set out. In the annual report of the Canadian Pacific Railway Company, on page 24, the property investment of the company is set out in detail, that is, the total amount put into the road, which they show to be $1,173,263,612. Then on page 25 and following they give a list of all the stocks, bonds and securities of controlled railway companies that they own, and what they cost as distinguished from what they are worth. They show, for instance, on page 29, that the par value of miscellaneous investments at the end of last year was $18,853,324.75, but that they cost only $27,000,000. Wholly-owned companies with a value of $10,347,723 cost $10,125,708; and then there is a summary of it all. Surely we should not by statute declare that we are satisfied that less particularity should be given to the Canadian people in relation to their enterprise than we by statute require a private enterprise to give to its shareholders.

That is the submission which I make. I am afraid it will have no effect upon the government; I only wish it would. Because I have no other purpose to serve; surely that is quite apparent. I am not making these contentions in any hypercritical sense; I am merely advancing reasons which I think will appeal to the intelligence of business men of the country—and I am sure hon. members do not desire to be classed in any other category—for the following of a course which will enable us at all times hereafter to know what we have invested in our government enterprise, which may be represented by liabilities classified partly, if you will, as proprietor's equity, and partly in another sense; I am not quarrelling with that if it please anyone so to do. But what I contend for is the great principle which underlies accounting as defined by Palgrave's Dictionary of Political Economy, namely, that a balance sheet should disclose to everyone who reads a full and complete statement of the condition of the enterprise to which it refers. If it fails to do that, it is deceptive; if it does it, it is accurate. If it fails to do that, it is misleading; if it does it, it directs and informs. This as it now stands will not only have the effect of evading the provisions of the Consolidated Audit Act, but will mislead, misinform; will in fact deceive those who read; because reading hereafter no one will be able to understand what is meant by the five or six million shares representing proprietor's equity, securities held by the Minister of Finance in trust for the people of Canada, now to be held by a securities trust, which is called into being for a purpose no one can explain. To proceed in this way serves no useful purpose but departs from well settled principles and cannot do other than mislead and misinform those who read.

I have made these observations with the utmost candour and with no desire to ani-

madvert upon the motives that lie behind the action, but merely to present the situation as it stands on the record. I urge upon the government with all the power at my command that they reconsider before it is too late a plan which, as no one can deny, will have the effect I have just indicated upon the minds of those who are vitally concerned with all that affects the well-being of the enterprise they own and control and in which they have invested so many hundreds of millions of dollars.

Mr. W. A. WALSH (Mount Royal): I hope that the members of this house will not consider it presumption on my part to take part in the debate on third reading of this bill. I do so only because of the importance of the question and because I endeavoured to take an active part in the discussion when this bill was before the railway committee. I want to consolidate the arguments I presented before the committee in opposition to certain clauses of the bill, and for that reason I deem it necessary to take part in the debate.

Some of the issues that have been raised by this bill might be expressed in the following way: whether there is any reasonable justification for the claim that the debts in question really represent mere bookkeeping entries, figures that never should have been on the railway balance sheet, that they do not mean anything and are unfair; whether the general public are being given an honest and proper description of the obligations from which the railway is to be relieved; whether the real intentions of the proposers of the bill in seeking to effect these changes are being frankly and clearly stated to the public; whether the Canadian National accounts are to present a fair and reasonable picture of the results of operations or whether only a partial and incomplete portrayal is to be given the public; whether that adoption of these proposals will lessen the financial drain on the government or whether they will encourage a repetition of past extravagances. In short—

Mr. YOUNG: May I ask the hon. gentleman from what he is reading?

Mr. WALSH: I am just giving a summary of what I propose to discuss during the next few minutes—in short, whether the proposals are in the public interest or are merely an expedient in order to improve the apparent results of the operations of the Canadian National. These were the features of this bill that presented themselves to my mind as I read the various reports on railway matters that have been presented to this house on previous occasions, and I think these features crystallize the substance of the opposition to the various details appearing in this bill.

We could show at the present moment exactly how the financial responsibility of the Canadian National was built up. We could show that when the railway was first taken over an obligation was assumed of roughly $1,329,000,000. We could go further and show that most of the branch line and other railway construction carried on before the lines were taken over took place from 1900 to 1910. We could show that the greatest extravagances indulged in by the railway took place during the years from 1921 to 1929. It is not necessary to go into these details, which no doubt already have been presented to the house; I am sure hon. members who are at all interested in the railway problem are as familiar with them as I am. This afternoon we could also discuss the arrangements that were made from 1917 to 1920 which brought into being the Canadian National Railways as such. Whether we agree or disagree with what was done during those years is a matter of very little importance, in that it is now an accomplished fact, and we are faced with something far more serious than a discussion of the whys and wherefores of the taking over of these various lines and consolidating them into one system known as the Canadian National Railways.

We could also go back, Mr. Speaker, and discuss the various features of the Drayton-Acworth report, laying particular emphasis, of course, on the optimism therein expressed. We could also discuss the extravagances that were indulged in under the management of Sir Henry Thornton. When I make that statement I do not desire to detract in the least from the good work that Sir Henry did in connection with the Canadian National railway system. I quite realize that Sir Henry Thornton was one of the greatest railway men we ever had in this country. I appreciate the fact that he did a great deal of good work in consolidating and welding the various sections of the road into a unit, and that he improved the morale of the employees so that they appreciated the fact that they were working for a great national system. Despite all those good attributes that he possessed, however, and despite all that he did, I do feel that he put the Canadian National system into a debt position which is very largely responsible for the condition with which we are confronted to-day, and which makes it necessary to introduce some kind of bill in order to bring some sort of order out of the financial chaos that exists in connection with that railway. I need mention only one particular item that

is still a matter for discussion. I refer to the large and elaborate hotel in the city of Vancouver, which is not yet open, and which I understand in its unfinished condition is costing this country upwards of $50,000 a year in taxes paid to the city of Vancouver for which not one cent of return is received by the system. That is one example of the many that could be quoted in this connection.

The Duff report brought before the people of Canada three main features of the railway difficulty and emphasized them so that we in Canada had a better understanding of them than we had before. The outstanding findings of that report could be condensed into three statements. Canada did not have a population commensurate with its railway development—with that I think we all agree. Canada could ill afford the extravagances incident to bringing the Canadian National property to the standard achieved under the regime of Sir Henry Thornton—with that I think most of us would be in agreement. It should be clearly understood that substantial sums invested in the Canadian National system must be regarded as lost—with that some are in agreement and some are in distinct disagreement.

In connection with this bill and the new financial set-up of the Canadian National, I have in my hand a booklet, from which I do not propose to read, which contains two reports made by officials of the Canadian National railways, recommending new financial set-ups. One report is dated June 20, 1933, and the other April 10, 1934, both preceding the Touche report of 1935. In comparing these two recommendations with the Touche report I noticed that they were almost identical in their statements, differing only to a very slight degree. I want to make this suggestion, and it is on this premise that I want to carry on my discussion a little later: What we have before us in this bill in the nature of recommendations is in reality the recommendations of the very officers of the Canadian National who helped put the system in the chaotic financial condition that exists at the present time, and that the minister is endeavouring to remedy by means of this legislation. We could analyse the Touche report very carefully, but I do not wish to take the time of the house to do so because its contents are well known. They make certain recommendations, and I am firmly convinced that those recommendations are made on faulty premises. In order further to substantiate my opinion in that respect I suggest that the poorest kind of argument one could use to substantiate his claim is to set up prospective criticisms or suggestions and then proceed to argue against them. In other words, it is the practice of setting up straw men and then knocking them down. That is almost as weak a method as the often referred to argumentum ad hominem, which very few in political life use, and which is not recommended as a fair and reasonable method of supporting a cause which you consider just. For these reasons I lose confidence in the Touche report and the recommendations contained therein.

One of the first provisions of the bill is the abandonment of certain claims against the Canadian National Railway Company, and a revision of the accounting set-up of the Canadian National railway system. Where no actual cash is concerned I believe all hon. members can be in complete harmony. Where the minister is seeking to wipe off the books of the Canadian National Railways and the Dominion of Canada items which do not represent cash that has been put into the railways by the Canadian people, we can all agree with his procedure. But I am sure that very few hon. members can agree with the suggestion that we take out of the balance sheet of the railways sums of money which represent actual cash paid into that railway by the people of Canada.

The second proposal in the bill is the setting up of a securities trust corporation for the purpose of preserving the priority rights of the dominion, and for its protection against future contingencies in respect of potential interest and other savings. I was going to deal with that point at length, but my right hon. leader has already done so, and to such advantage that it is not necessary for me to attempt to support the arguments he has put forward. His arguments are worthy of the attention of the house, and I feel that not only the Minister of Transport (Mr. Howe) but the Prime Minister (Mr. Mackenzie King) will give due consideration to his suggestions regarding this most recent innovation in connection with the railway systems of Canada. I consider it a vicious principle, and one likely to lead to difficulties and troubles which we do not now anticipate with relation to the financial set-up of the Canadian National railway system. From the financial point of view, I do not see that the securities trust corporation is going to play any real part in the final rehabilitation of the railways. In fact I am persuaded it is a step which, again from the financial point of view, will make the railway's prospects more difficult than they now are.

May I again suggest to the Minister of Transport that which I have suggested on

so many occasions, that the people of Canada are entitled from year to year to a clear and definite picture of the financial condition of the Canadian National Railways, and that yearly picture should show not only the condition in a particular year, but the condition from the time of inception. The balance sheet of the Canadian National Railways should show the people of Canada exactly the amount of money they have put into the railways, and give them a clear and concise picture of what the roads have cost and what they mean to our citizens.

Certain general principles should be followed in adjusting railway and government accounts. The entire railway loss, including all interest, should be taken up each year in the government budget and be clearly earmarked as such. The full amount of advances by the government should be shown on the railway balance sheet, according to the specific uses made of the funds. The railway balance sheet should record the cumulative loss of the railways. The net results of government railway operations should be clearly portrayed, after charging a fair interest on government investments, and then the necessary cross references should be made in the government and railway accounts so that no misapprehension could exist as to the relationship between the finances of the two.

The suggestion was made in committee that when through the medium of this bill, or in any other way, we criticize the Canadian National Railways, we are naturally antagonistic towards them. I want to make it clear that I do not regard that as fair treatment of anyone who criticizes government measures, even if they pertain to the railways. I look back to discussions which took place in committee, and to the fact that this particular phase of the matter was referred to by a Liberal member, if other hon. members will permit me to refer to him in those terms. He made reference to that type of criticism, because on that occasion he was criticizing certain features of the bill and there was the mild suggestion that he was somewhat of an opponent of the Canadian National Railways. In my own mind I know that he was no more an opponent of the Canadian National Railways than I am. The hon. member for Outremont (Mr. Vien) is reported to have made the following statement before the committee on railways and shipping:

> I resent a little the insinuation that either Sir Edward Beatty or any member of the committee should, when they are trying to find their basic fact, to use my hon. friend's own parlance, that there should be any particular interest other than serving the public interest.
>
> [Mr. Walsh.]

On my own responsibility I wish to express myself this afternoon in terms similar to those used by the hon. member for Outremont. It is on the ground of the public interest that I criticize any measure brought in by the government, whether it pertains to the Canadian National Railways or to any other phase of government activity. I criticize the principle involved. I am not an opponent of the Canadian National Railways; I am a supporter of anything that is good for that system, and I believe I am working in the best interests of the railways and of the people employed thereon when I oppose certain features of Bill No. 12 now before the house for third reading. I wish to make my position perfectly clear, so that there may be no misunderstanding as to where I stand with respect to the Canadian National Railways.

The bill before us cancels a profit and loss deficit balance totalling $904,655,718. There is a credit balance to the proprietor's equity of $676,327,701. This is done by wiping out liabilities amounting to $1,580,983,419. I do not know whether I have the figures exactly right; I have tried to bring them down to date, and they may be a little out, but I think they are close enough for the purposes of the point I wish to make. Speaking to this measure on February 5, the minister is reported on page 597 of Hansard as follows:

> I believe a schedule can be set up that will preserve the historical record, and this schedule can be made part of the annual report of the Canadian National Railways.

That is the statement the minister made in this house. However, it was suggested that that was not what was being done by the amendments made to this bill. The minister drew our attention to the fact that he said it could be done, not that it would be done. I think we should have a clearer conception of what the minister means and not be quibbling as to whether "can" or "will" was used. The meaning I took from that statement, and the meaning taken from it by all hon. members, is that an amendment would be made to the bill so that more definite information would be furnished than is provided by the bill in its present form. When I made my contention for a clearer balance sheet I referred to the evidence given before the committee by the president of the Canadian Chamber of Commerce, Mr. Henry Morgan. The meaning I took from his statement was that he was in favour of the balance sheet of the Canadian National Railways showing a full and complete picture of the financial expenditures on that system.

Sir EUGENE FISET: Is it not a fact that Mr. Morgan said it was immaterial to

him whether that statement appeared in the public accounts or in the balance sheet of the Canadian National?

Mr. WALSH: I was just coming to that point. I should like to read just what Mr. Morgan said in order that hon. members may draw their own conclusions. He is reported on page 46 of the evidence given before the committee on railways and shipping as follows:

The executive of the Canadian Chamber of Commerce welcomes these authoritative assurances.

He was referring to the statements made by the Minister of Transport and the Minister of Finance. I continue:

First, because we believe with the ministers that the proposed adjustment of the capitalization of the Canadian National Railways should not remove from the knowledge of the Canadian people the accumulated costs of the national system. Rather there should be carried forward on the balance sheet itself,—

These are Mr. Morgan's words:

—a complete and continuous record of such accumulated costs from year to year. Secondly, because the clauses of the bill, as now drafted, do not make provision for that intended clarity, which both the ministers and we emphasize. To carry out the expressed intentions of the government, therefore, it will be necessary to amend the bill, so that no doubt will be left in the mind of the layman that such provision has been made. The executive of the chamber makes this submission in accordance with the principles of sound public finance as approved by the chamber's general membership.

Of course I am in agreement with that statement. The conclusion I drew from it was that the Canadian Chamber of Commerce accepted the amendment which was proposed at that time, which was that this information should be shown on the balance sheet of the Canadian National Railways and not as is proposed by the bill as at present amended. Mr. Morgan continues:

The Minister of Transport has intimated that the proper way of presenting annually this complete financial picture rests with the railway committee. We feel confident, therefore, that the committee will wish to see to it that an adequate clause is inserted in the bill and the desire of the government thus fulfilled.

He continues further on page 50, as follows:

Now, in the case of a government, the people of Canada, no matter what they do with the Canadian National balance sheet, still have to pay the amount that has been guaranteed by the government on the railway situation and on the advance the government has made to the railways; and, therefore, whereas it is quite appreciated that a new set-up for the Canadian National may be quite correct, all I am trying to submit is that we show in a footnote, or in some manner which you are better able to judge and work out than we are—I do not propose to make a suggestion—but the footnote should show the yearly deficit and the accumulated deficit so that I as a taxpayer or as a business man in checking up the balance sheet of the Canadian National Railways will be able to see exactly the situation for that year and previous to that year.

I can draw no other conclusion from that statement than that Mr. Morgan supported the contention I made before the committee that the balance sheet of the Canadian National Railways, rather than the balance sheet of the Dominion of Canada, should contain this clear and concise picture. It is useless for the Minister of Transport to suggest that there will be a footnote in the balance sheet of the Canadian National Railways to the effect that if further particulars and details are required, reference should be made to the balance sheet of the Dominion of Canada. That is not what we want; that is not what the people of Canada want; that is not what the business men of Canada want, and that is not what the railway employees want. They want to be able to turn to the balance sheet of the Canadian National Railways and find there a clear and definite statement, not only for that one year but for all the years the system has been in existence. That is one point I want to emphasize in particular.

There is another point to which I should like to direct the attention of this house. I am inexperienced in so far as government work is concerned, but in my opinion the principle of this bill was changed in committee. I am subject to correction, but I have always understood that when the house agreed to the second reading of a bill, it agreed to the principle of the bill. When we gave second reading to this bill we understood it was to provide for the revision of the accounting set-up of the Canadian National railway system. In my opinion that is no longer the principle of this bill. The minister has changed it so that now it provides for the revision of the accounting set-up of the balance sheet of the Dominion of Canada. The principle behind the bill was altered in some degree between the time it left this house after second reading and the time of the return of the bill to the house. I brought this point to the attention of Doctor Clark, deputy minister of Finance, who appeared as a witness before the committee; I suggested that it was not in our power to make so vital an alteration in a bill as that proposed by the minister. Doctor Clark replied that "we cannot actually write them off unless parliamentary authority is given for such writing off." The sums now to be written off were advanced to the Canadian National and its subsidiaries as loans and should not now be eliminated without specific authority of parlia-

ment. And how, I asked, are we to give this authority? I assume the authority should have been given by parliament, as has been done heretofore in connection with deficits of the Canadian National Railways. We are now proposing to give this authority on third reading of a bill to amend the financial set-up of the Canadian National Railways. The Prime Minister, I know, is an authority on constitutionalism; he has used phrases which would lead us to believe that he stands pat on principles of constitutionality. I suggest to him that it is not constitutional to change in committee the principle of a bill, or to adjust the balance sheet of the Dominion of Canada. In this case the largest adjustment that has ever been made in the public accounts is proposed to be done by authority of an amendment tacked on to a bill dealing with a matter other than the finances of the dominion. If that is constitutionalism it is contrary to my conception of the meaning of that term. My own experience may have led me into an error of judgment, but I make this statement in the hope that the point will be cleared up by, perhaps, the Minister of Transport. Either he is wrong or I am. As a new member, naturally I am willing to learn, but as I have said this proceeding is not in accord with my conception of constitutionalism.

When we were in committee I urged that we should get further evidence. I stated that I was not competent, on the strength of such evidence as we had already heard, to pass upon every phase of the bill, and I asked that another accountant be brought in, not to make an accounting of the Canadian National Railway system but to give evidence upon the principles involved in the changes that the minister has proposed. That was a very simple request. Of course I was asked by the chairman to make a motion, but had I done so it would have been defeated. I threw myself, so to speak, upon the mercy of the chairman and the minister and requested that they call an expert accountant, preferably one versed in railway matters, to come before the committee so that we could ask him specific questions which would enable us to form a judgment on the principles involved in this bill. Some members interpreted this request as meaning that another firm of accountants should go over the books of the railway. That was not what I had in mind; I wanted merely to ask a dozen or so questions in order to find out whether the accounting principles involved in this bill were the accepted practice among chartered accountants, particularly those concerned with railway accounting. The request was refused, but I contend that I had a right to make it and

that it should not have been rejected. I have noticed in reading the reports of other committees of this house that they call in expert witnesses of all kinds to deal with the matters that come before them. By refusing my request the government closed the door of opportunity to me to find out whether I was right or wrong in the opinions that I had been expressing in connection with this measure.

Sir EUGENE FISET: I hope the hon. member wishes to be fair in this matter. He knows very well that when he made his request before the committee it was the hon. member for Winnipeg North (Mr. Heaps) who explained why the request was not to be granted. It was not granted because the officials of the Canadian National Railway Company who appeared in the capacity of experts before the committee gave information in writing and otherwise in reply to all questions that were asked by the members, including the hon. gentleman, and the committee therefore thought that it was not necessary to bring before the committee some other expert who had never had anything to do with the subject matter.

Mr. WALSH: In reply to the hon. member may I say that I think my request was refused largely through a misunderstanding. I believe the hon. member for Winnipeg North was under the impression that I wanted another accountant to come in to check over the books of the Canadian National Railway Company. All I wanted was an accountant to give information on the principles involved in this bill; I asked for nothing more and nothing less. The hon. member for Winnipeg North had his own opinion, and he was entitled to it.

May I add that the chairman of the committee and the minister gave me a fair and reasonable opportunity of presenting my case. I do not want to speak in terms of prejudice against their attitude. They gave me every possible latitude in criticizing every feature of the bill; in that respect I have no criticism to offer. My only regret is that I was not given an opportunity of having an expert accountant—and, not solely for my own benefit; for I have no doubt that I was not alone in desiring advice in this particular matter.

I intended to draw attention to certain other features of the bill, but I doubt whether time will permit. I was going to reemphasize that one of the worst features appears in section 24. We are asking that a complete picture of the Canadian National Railways be placed in the balance sheet of that system, and what do we get? We get a kind of picture placed

in the balance sheet of the Dominion of Canada, and a reference made to it in the balance sheet of the Canadian National Railways; we also get this, that everything that has been given, that is, all grants made to the Canadian National and the Canadian Pacific, will appear as a footnote in the balance sheet of the Dominion of Canada. We ask for bread and we get a stone. It is on that ground that I oppose section 24; it is an intrusion. Not only does it not belong to the bill, but it shows one side of the picture only. It is incomplete, in that it shows no quid pro quo; there is nothing to indicate what Canada received in return for the various grants that were made by this country to the Canadian National and Canadian Pacific railroads.

Mr. SPEAKER: I am sorry to interrupt the hon. member, but he has exhausted his time.

Mr. WALSH: I thank you, Mr. Speaker, and the house for having allowed me to present my views.

Mr. ANGUS MacINNIS (Vancouver East): I rise now only to correct a statement made by the hon. member who has just taken his seat (Mr. Walsh). He tried to blame Sir Henry Thornton for the building of the Canadian National hotel in Vancouver. I happen to know something about that because I was a member of the Vancouver city council at the time that the building was started, and I can tell the hon. member and the house that Sir Henry Thornton was not in favour of building that hotel then. Many years before he was appointed president of the Canadian National Railways an agreement had been made between the city of Vancouver and certain railway companies—I do not know whether it was the Canadian Northern or what railway it was—in connection with certain property in Vancouver, and a part of that agreement was that at some time a hotel would be built in the city to cost a certain amount. In 1926 or 1927 the Canadian National Railway Company was asked to carry out that part of the agreement. The management, under Sir Henry Thornton, did not wish to carry out that part of the agreement because they did not think the time was opportune, and after some negotiations between the Canadian National Railways and Vancouver the city threatened to sue the company to enforce the contract between the railway and the city. These are the facts, and I do not think it is correct to say that the building of the hotel was due to Sir Henry Thornton or to unsound business on the part of the management of the Canadian National Railways. But even if it were, is that the only mistake that was made between 1925 and 1929? What private company in Canada did not overdevelop in that period? Why, then, hold up this particular company as extravagant in this regard? The other railway is equally guilty. I have heard the statement made in the house on several occasions and I think it is my duty to make the correction.

Hon. C. D. HOWE (Minister of Transport): This bill has been fully discussed in the house and in committee, and in closing the debate I shall confine myself to discussing a few criticisms that have been offered on second and third readings. The chief attack on the bill is that it destroys the record of the cost of the Canadian National Railways to the people of Canada. We are told that the record is to be found in the balance sheet and that when the balance sheet is revised as proposed by this bill that record will go. There is a record of the cost of the Canadian National Railways to the Canadian people but it is found in the public accounts of Canada. You cannot find that record in the present balance sheet of the Canadian National Railways. To include that record in the present balance sheet, some $300,000,000 must be added to the indebtedness as shown in the balance sheet.

In 1933 the Canadian National-Canadian Pacific Act was placed on the statutes of Canada by the government of that day. That act provides that the deficits of the Canadian National Railways shall not be funded, and that provision was made retroactive to take in the balance sheet of 1932. From that day, beginning with the balance sheet of 1932, the record of deficits was ended.

Mr. BENNETT: I do not like to interrupt the hon. gentleman, but at page 18 he will find: "Dominion of Canada. . . income deficits, Canadian National Railways, contributed by dominion, 1932-36, $277,521,384.49."

Mr. HOWE: That may be so.

Mr. BENNETT: That is this year's report.

Mr. HOWE: It is in the report but not in the balance sheet.

Mr. BENNETT: That is part of the balance sheet, receipts and expenditures; it will be found on page 18.

Mr. HOWE: The main object of this bill could be achieved by making retroactive the Canadian National-Canadian Pacific Act of 1933. Let us see what we are really doing in this bill—because it is being lost sight of in the criticism of details. We are setting up a balance sheet that eliminates the duplication

of debt as between the present railway balance sheet and the net debt of Canada. We are including in the new railway balance sheet all the debt of the railway that is not carried as part of the debt of Canada. That is the full test of what shall be retained as debt in the balance sheet. If it is in the net debt of Canada it is eliminated as debt from the Canadian National Railways balance sheet. What was formerly debt as between the dominion government and the railway is continued in the balance sheet as proprietor's equity. The leader of the opposition (Mr. Bennett) has said that the proprietor's equity items are a duplication of the net debt of Canada. Of course that is so, but it is not a debt duplication because a proprietor's equity is not debt but is simply equity, as the term implies.

Mr. BENNETT: But it is in the liabilities column.

Mr. HOWE: Yes, just as the common stock of any ordinary enterprise is in the liabilities column. It is not bonded indebtedness. Now what is the test by which we arrive at the amount to be retained as proprietor's equity? The test is this: Was the money invested in the property? If so, it is retained in the proprietor's equity, provided it has not all previously been included in the new statement of funded debt. On the liability side of the new balance sheet will be shown every dollar that was ever spent to create an asset of the railway. It is all there.

What have we eliminated? We have eliminated, first, the losses of the railway, money advanced by the dominion government to make up operating deficits. Surely a loss is a loss and should be treated as such rather than as a liability or as an investment of the dominion. It is money lost, it is gone; and in paying that money back to the railway we have simply replaced the capital that was lost in that year through operation. Then we have also eliminated the interest on these losses. Under the legislation governing the accounting of the Canadian National Railways that interest was required to be carried by the railways and set up each year, but it never was set up in the accounts of the dominion government. There is in the public accounts of Canada no such statement of assets represented by interest charged on loans by the government to the Canadian National Railways. So there we have a perfectly logical elimination. It is significant that everyone who has had to do with the Canadian National Railways has urged the necessity for the procedure which is being followed in this bill.

[Mr Howe.]

The authorities have been cited. We have first the Drayton-Acworth commission of 1917. Then we have the two firms of chartered accountants who were appointed by the government to make a report on the accounts as between the government and the national railway. Those accountants recommended the step which is now being taken.

Mr. BENNETT: No, not in terms. They recommended reductions in the capital stock, but not in the terms of this proposal.

Mr. HOWE: They recommended that the practice of capitalizing operating deficits be discontinued, and that government advances of such deficits be not added to the investment account, but be absorbed in the consolidated revenue fund of Canada.

Mr. BENNETT: That is the Duff report?

Mr. HOWE: No, that is the report of 1925 made by Edwards, Morgan & Company and Peat, Marwick, Mitchell & Company.

Mr. BENNETT: That only covers deficits, as I pointed out.

Mr. HOWE: If we accept their recommendation it takes care of practically all the write-off contemplated by this bill: that government advances for such deficits—

—be not added to the investment account, but be absorbed in the consolidated revenue fund of Canada.

Then we have the report of the Duff commission of 1931-32 under the chairmanship of the Right Hon. Sir Lyman P. Duff, which made two significant statements on the writing down of the capital liabilities of the Canadian National Railways. In considering the earning power of the railway the commission said, at page 30:

> It is obvious that on this basis of earnings the capital liabilities would require a very drastic writing down.

In recommending the early attention of the board of trustees to the whole matter of the capital structure the commission further emphasized the need of liability adjustment as follows:

> . . . this commission is of the opinion that it must be frankly recognized that a very substantial part of the money invested in the railways comprised within the Canadian National system must be regarded as lost and that its capital liabilities should be heavily written down.

Then we have the Canadian National-Canadian Pacific Act of 1933, passed by the late government, which provided that "income deficits shall not be funded." We have the financial legislation since 1932 which specifically limits the borrowing powers of the

railway to capital expenditures and refunding, and which specifically declares that deficit appropriations should be applied against the accountable advances. Then we have a very interesting letter from which I think I might take time to read a few lines, addressed to Right Hon. Arthur Meighen, then Prime Minister of Canada, by Sir Joseph Flavelle, Bart., dated Toronto, August 12, 1921. This letter was printed at the time and was circulated. At the time Sir Joseph was chairman of the board of the Canadian National Railways. He pointed out his idea of the proper capital structure for the railway. On page 7 the letter says:

> The new national railway company to be formed shall have a nominal capital of say five million common shares and two million five hundred thousand six per cent preference shares—

Mr. BENNETT: Is that the whole letter?

Mr. HOWE: No, it is a very long letter, and I was just reading the part dealing with capital structure. It is not important if my right hon. friend objects.

Mr. BENNETT: No, but the point is that the various paragraphs are interrelated. The letter deals with the whole transportation situation and was written before the system was in its present shape, as the minister probably remembers.

Mr. HOWE: I am not particular about reading it, but I think it is interesting.

Mr. BENNETT: I am quite content if the minister puts the whole letter on Hansard.

Mr. HOWE: The total share capital would thus be $750,000,000, with the government taking common shares at par in payment of its existing advances to the various systems. These, as of December 31, 1920, were $320,000,000 of loans and $33,000,000 of Grand Trunk Pacific debentures.

> The figure would no doubt be increased by December 30 next, or whatever date was fixed for taking over. The government would turn over to the company the equity in the system—

There you will observe the securities trust.

> —subject only to the bonds and debentures and guaranteed stock issued to the public, and to the fixed charges which may result from the Grand Trunk arbitration.

In other words, the debt of the railway was to be made a closed book, and advances from the government were to be covered by common stock. The paragraph continues:

> Thus, the existing government advances, excluding the capital cost of the Intercolonial and Transcontinental, were to be represented by common stock ownership only, and no part of the interest on it would be a fixed charge or would be cumulative.

Then we have the precedent of the accounting practice of the state owned railways of Australia, New Zealand and South Africa. In connection with the Victorian railways, legislation passed December last provides for writing down of the railway loan liability by £30,000,000 sterling.

Mr. BENNETT: That was in lieu of depreciation.

Mr. HOWE: Nevertheless it is a forty per cent write-down, which is very heavy depreciation. The interest on this capital write-down will no longer appear as a charge in the railway accounts. There is no accumulation of prior years' deficits in the 1936 balance sheet.

In the annual report of the South Australian railways for the year ended June 30, 1935, the commissioner suggests a capital write-down of £10,800,000 sterling and the elimination of interest on that sum. Deficits accumulated up to 1927 were written off by parliamentary authority in that year.

The 1936 balance sheet of the Western Australian railways shows no accumulation of prior years' deficits. The Queensland Railways had a capital write-down of £28,000,000 sterling under parliamentary authority in 1931. The interest on this capital write-down no longer appears in the railway accounts. There is no accumulation of prior years' deficits on the 1936 balance sheet. The New Zealand Railways had a capital write-down of £10,400,000 sterling under parliamentary authority in 1931. The interest on this capital write-down no longer appears in the railways accounts. There is no accumulation of prior years' deficits on the 1936 balance sheet.

Mr. WALSH: Are not those state owned railways merely a department of the government? They do not bear the same relationship to the government of the country as our railway does to the government of this country?

Mr. HOWE: They are exactly the same, wholly owned by each province just as the Canadian National Railways is owned by our federal government.

Mr. WALSH: I thought they were administered as a regular department of the government.

Mr. HOWE: They are run as separate enterprises.

Mr. BENNETT: It operates through a commission.

Mr. HOWE: Quite.

Mr. DUNNING: A difference in name only.

Mr. HOWE: In the debate on second reading a point was made both by the leader of the opposition (Mr. Bennett) and the hon. member for St. Lawrence-St. George (Mr. Cahan) about the proviso:

Notwithstanding any provision of the Consolidated Revenue and Audit Act, 1931, or any other act—

I thought it important to point out in just what way this bill does violence to that act, and I obtained a statement from the chief treasury officer which I shall read.

Mr. BENNETT: Who is that?

Mr. HOWE: "F.M.M." That is our own treasury officer.

Mr. DUNNING: The officer of the treasury in the transport department.

Mr. HOWE: He says:

The inclusion of this proviso was simply precautionary in order to overcome any technical objection that might develop in the application of the act. It is difficult, when drafting legislation such as this, to analyze all existing legislation to the point of certainty that no obstacle existed in any previous law. However, nothing has since developed to indicate that the clause is essential.

I have reviewed the amended act as it stands for a third reading, and am of the opinion that no serious difficulty need now be apprehended if the proviso were to be dropped.

The inclusion of similar omnibus clauses in existing legislation is evidenced in, for instance:

The act of 1935 respecting relief measures which contains the following wording in section 2—

"Notwithstanding the provisions of any statute or law, the governor in council may,"

and

Chapter 22, 1935, an act to amend the War Tax Act, section 9A, subsection (1) contains the following words—

"Notwithstanding anything contained in this act or in any other statute or law."

The Salary Deduction and Continuance Act, 1935, section 3, subsection (1) contains the following wording—

"Notwithstanding the provisions of any statute or law."

While it is, of course, not possible to foresee what technical objections may develop when the act is applied, the proviso in question could, I believe, be dropped without risk of occasioning any serious difficulty.

That clause, of course applies only to section 8, and I am told that the only possible effect it could have would be where some slight adjustment is to be made as between the accounts of the Canadian National Railways, the Hudson Bay Railway and the harbours board, and that the whole sum affected is about $1,600,000.

[Mr. Bennett.]

On the second reading the question was raised whether clause 12 of the bill really constituted a corporation to be known as the Securities Trust. In that regard I have an opinion by Mr. W. Stuart Edwards, deputy minister of Justice, as follows:

Dear Sir,

I understand that you require to be advised as to the form and effect of clause 12 of the bill to enact the Canadian National Railways Capital Revision Act. In the first place I beg to advise that the dominion Companies Act has no application since that act relates to joint stock companies, that is to say, companies formed on the principle of having for their members the holders of shares of the capital stock and no other persons. The corporation to be established by this bill is not a joint stock company since the members of the corporation are the trustees and I may say that in adopting this scheme we followed the scheme of the Canadian National Railway Company. By section 1 of that company's act of 1919, the directors, who are not shareholders, are incorporated as a company and by section 3 provision is made for vesting the capital stock of the company in the Minister of Finance.

Exactly the same as the Securities Trust. He goes on:

The Securities Trust acquires the attributes necessary to enable it to function as a corporation as a result of section 30 of the Interpretation Act rather than the Companies Act. That section, amongst other things, enables the corporation to sue and be sued and limits the liability of the members of the corporation.

The future tense was adopted in clause 12 of the bill to provide for the continuation of the corporation into the future and I beg to advise that since nothing is required to be done or is contemplated to be done under this or any other act to create or complete the corporation convinces me that the corporation will be established by the operation of clause 12 without more.

Yours truly,
W. Stuart Edwards,
Deputy Minister of Justice.

Mr. BENNETT: Although there are no words saying that the corporation is created? Usually I have a great deal of respect for an opinion by Mr. Edwards.

Mr. HOWE: As I say, in these matters I defer to our legal talent.

Now let us discuss for a moment this bogey which has been raised in connection with the Securities Trust. We are eliminating from the present indebtedness of the railway several items which I think we all agree properly should be eliminated. One item is some $373,000,000 of accumulated deficits; another amounts to some $530,000,000 of interest. We wish to retain the item of some $288,000,000, representing money invested in the railway. All these securities have the same relative value so far as priorities against the railway

are concerned. Perhaps for practical purposes we could say that these advances for deficits and these interest claims are worthless and might be thrown away, and we will keep only those securities which represent the actual investment in the railway, amounting to some $288,000,000.

Mr. BENNETT: You could not do that except by statute. No trustee of the crown could give away property of the crown in any other way.

Mr. HOWE: That is true, but nevertheless we have undertaken to set up this balance sheet in order to show the money invested in the property, which after all is only $288,000,000.

Mr. BENNETT: No, over a billion dollars

Mr. HOWE: No, $288,000,000 as far as this particular item is concerned. We have claims here totalling about $1,100,000,000, of which only $270,000,000 was actually invested in the railway property. That $1,100,000,000 has a value in that it establishes certain priorities in connection with any claims against the railway property made by anyone other than the dominion government, and for that reason we have thought it worth while to preserve those claims. Nevertheless we do not wish to burden our balance sheet with more than the amount of those claims representing the actual investment in the property. Therefore, as a matter of convenience only, we have set up a company to be known as the Securities Trust, which will hold all the claims, totalling something over a billion dollars. But we will put a value on the Securities Trust representing the $270,000,000 so invested in the property, and that amount we wish to include in the balance sheet of our railway as part of the proprietor's equity. Therefore we set up this company in a form which will permit it to be consolidated in the balance sheet of the railway, and we make the provision that this Securities Trust is a company within Canadian National Railways.

On the other hand, we place the stock and ownership of the company in the hands of the Minister of Finance, in lieu of the claims he formerly held totalling over a billion dollars. We then say that we will issue five million shares of stock representing ownership of the Securities Trust. After all, five million shares does not seem to be out of line with claims having a face value of over $1,100,000,000. So there we have our Securities Trust, a company wholly owned by the Minister of Finance, a company within the Canadian National Railways in order that its stated value can be consolidated with the railway balance sheet.

That is the whole story, and it seems to me that this company, set up as a convenience to maintain priorities and to give a stated value to securities which will allow them to be brought into the structure of the railway as we require, is being unduly criticised.

The question arises what the net benefit of all this may be. It seems to me that it can be put concretely in a few words. In the first place, we put a value on the property, the Canadian National Railway, which represents the total money invested in that property. Surely that presents a fairer picture to the public and the world at large than the present structure, enlarged as it is by operating deficits and interest thereon. It seems to me it is going to give the officers and employees of the railways a more reasonable objective to attain. Surely the earning power of a property must bear some proportion to the investment in that property. And setting up as the capital the investment in the property rather than a largely inflated sum will, I believe, put new hope in those responsible for the operation of the property.

It also shows to the world a consolidated balance sheet of Canada and its wholly owned subsidiary which will give a real picture of the total indebtedness of the two. With this balance sheet we can say to the investor in the securities of Canada "We have a certain debt which is shown in the net debt of Canada. We are responsible for a certain other debt, the funded debt of the Canadian National Railways, as shown in her balance sheet. If you add one debt to the other you have the total indebtedness of Canada, and when you buy a security of either the government of Canada or the Canadian National Railways you are buying your proportion of that consolidated debt." When that picture is shown I believe we will be better able to say to the investor of Canada, "If you buy a bond of the Dominion of Canada or a bond of its principal subsidiary, the Canadian National Railways, you will be buying an obligation of the dominion which, when due, will be met in full, in the future just as it has been in the past."

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. BENNETT: I wish to point out that under the rules of the house there is no reply on the third reading. I did not raise the issue, however, because I desired the minister to proceed. It is a fixed rule, and on one occasion I found myself embarrassed by it. The rule in May about the minister not having said anything when he makes a motion has no application in this particular, because

we provided otherwise by special rule. It is an ordinary motion, a matter of course, and it is not a substantive motion. There is right of reply on a substantive motion. On other than a substantive motion, there is none. If the minister merely rises in his place and moves third reading he has exhausted his right, although in England, for another reason, the rule is somewhat different. They have specially provided a prohibition against it. On one occasion I endeavoured to make a reply, and found myself confronted with the rule as interpreted by the clerk at that time, namely that it was not a substantive motion. I only point this out to show what we met with on that occasion.

Mr. MACKENZIE (Vancouver): My right hon. friend is not quite correct. I understand the Minister of Transport (Mr. Howe) did not speak when presenting the bill for third reading, and therefore he is entitled to speak at any stage during the debate on third reading. That is the rule, according to May.

Mr. BENNETT: That is laid down in May; but he does speak, the minute he makes the motion. Mr. Speaker said, "The Minister of Transport moves," and that settles that. Then, we went on. Another minister might have moved, as I had to have done on another occasion. However, I waited until the minister had finished his observations, because I did not wish to take advantage of the rule. I direct attention to it, however, as it is a matter of some importance to all of us.

Mr. SPEAKER: Is the motion carried?

Mr. BENNETT: On division.

Mr. MACKENZIE KING: I would direct the attention of my right hon. friend to Redlich, Volume III, page 57:

> A further exception is the right of reply enjoyed by the member who has proposed a substantive motion. He is entitled to a second speech at the close of the debate. The right does not extend to the mover of a formal motion, such as a motion for adjournment, or to a member who has moved an order of the day. In the case of moving an order of the day a member may reserve his right to intervene in the debate at a later stage by signifying his proposal of the order by merely raising his hat, without saying a word.

Could it not be interpreted that such was the intention of the minister?

Mr. BENNETT: No; the difficulty is that that is the English rule; but we have a prohibition here. We have a rule, standing order 43, to which I would direct the attention of the house. That was the difficulty I experienced. I am quite familiar with what is laid down in May, but I must say we have no such rule, but rather a prohibition. We shall have to amend the rule, or face the situation as it is and let another minister make the motion.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. BENNETT: On division.

Motion agreed to, and bill read the third time and passed.

CANADA-UNITED KINGDOM TRADE AGREEMENT

Hon. CHARLES A. DUNNING (Minister of Finance) moved the second reading of Bill No. 79, respecting a certain trade agreement between Canada and the United Kingdom.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

Sections 1 to 4 inclusive agreed to.

On section 5—Repeal of United Kingdom Trade Agreement Act, 1932.

Mr. BENNETT: The provision inserted in the old act dealing with the dumping of goods in the British market from countries which were not maintaining a capitalistic or profit system, has disappeared. Has any thought been given to the matter? Is the change made by arrangement, or how?

Mr. DUNNING (Minister of Finance): Mr. Chairman, it was done by arrangement between the two governments. It was thought that the circumstances of to-day render it undesirable to retain the clause.

Section agreed to.

Section 6 agreed to.

On the schedule—Trade agreement between Canada and the United Kingdom.

Mr. BENNETT: In view of the time which has elapsed I should like to know if the minister can give us further information with respect to black sheets. I have had several further communications from other quarters stating that there have been further increases in the price. Is the minister in a position to give us any further information? The committee may be amazed to know that one of our Canadians has received an order from Africa for sheets for galvanizing, owing to the fact that under existing conditions there is such difficulty in getting supplies of raw material from Great Britain.

Mr. DUNNING: He was not able to accept the order.

Mr. BENNETT: He is unable to accept the order unless this government is prepared to permit him to go into the United States to buy raw material. I submit that it is abundantly clear that the only market in which supplies can be obtained is the United States. In view of the constantly rising prices, I suggest that black sheets should be made free without further delay for a period of two or three months so that the Canadian fabricators may obtain the raw material for the galvanizing of sheets.

Mr. DUNNING: Make them free?

Mr. BENNETT: Yes, considering the present market price and the fact that they would be subject to the three per cent excise tax. If they could have been put on a basis of five per cent two months ago, well and good; but even if they are permitted to come in free they will cost something like 12½ per cent more than they would have cost at that time. I am not sure but that the figures are higher than that, because they have changed since I last made myself familiar with the price list. We should permit our fabricators to get raw materials and the only place they can get them is the United States. Since we last discussed this matter there has been an increase in price.

Mr. DUNNING: As the leader of the opposition intimated in a former discussion on this matter, it must be made the subject of discussion between this government and the government of Great Britain. I do not want to prejudice the approaches that are being made in this connection by discussing the matter any further, except to say that approaches are being made.

Mr. MASSEY: In further substantiation of what the right hon. leader of the opposition has said, I would say that I have received several communications in regard to this matter which have stated that men have been prevented from going to work as a result of this raw material not being available at the present time. I have been urged to raise my voice to see that something is done, at least temporarily, by way of suspending the duty on these articles.

Schedule I agreed to.

Schedules II and III agreed to.

On schedule IV.

Mr. BENNETT: This schedule includes the vegetable oil items. I did not take part in the discussion the other day and I desire to make only one observation. It seems to me to be extremely difficult to understand just what can be accomplished by a reference to the tariff board in view of the fact that the agreement is completed before the reference could be made.

Mr. DUNNING: They can ascertain the facts.

Mr. BENNETT: What facts?

Mr. DUNNING: I can assure my right hon. friend that the situation is most complicated. I am desirous of having a report from the tariff board upon which I can rely with respect to statements of fact, rather than having to rely upon statements made by either side of what is a very deep-rooted difference of opinion as between the interested parties.

Mr. BENNETT: I appreciate the minister's view and I agree with him as to the undesirability of endeavouring to arrive at a judgment on partially complete statements. My difficulty is understanding what the tariff board can do that will affect this matter, in view of the fact that we have provided already by this agreement for a ten per cent preference.

Mr. DUNNING: A minimum preference of ten per cent.

Mr. BENNETT: There does not seem to be any dispute as to certain facts. One undisputed fact is that the importations last year amounted to 250,000,000 pounds. This is a tremendous increase over any figure we have ever had before. The increase is so great as to warrant the conclusion, to put it mildly, that to wait until the next session of parliament for any action would appear to be creating a somewhat serious situation from the standpoint of Canada. These importations totalled 125,000 tons, which struck me as being a tremendous quantity. Any facts which may be ascertained by the tariff board would not modify that essential fact.

Mr. DUNNING: As in the case of steel, but to a lesser degree, the price factor in connection with these vegetable oils must be considered. It may sound remote, but as a matter of fact the glycerine content has made many of these oils valuable for war purposes. The need for vital chemicals has been such as to affect the price structure of these commodities. I do not say that this will be a determining factor, but it may have the effect of changing the bearing in the immediate future.

Mr. BENNETT: Prices certainly have gone up during the last few months or even weeks.

Mr. DUNNING: I have been forced to rely upon the advice of one side or the other of a controversy in connection with which I

am bound to say that both sides have made extreme statements. I am not referring to the sides as represented in this house, but to those presented by the business interests of this country. I refer notably to the baking interests, as representing the consumers, and the animal fat producers, as representing the producers, supported to a degree by certain other elements including the National Dairy Council. Extraordinary statements have been made and I do not think we should dogmatize about what is to happen in the near future. I can only venture to say—I am again basing my statement upon the advice of one side only—that the price factor has been such as to prevent forward ordering to anything like the degree that it took place last year.

Mr. BENNETT: In other words, the imports will be lessened.

Mr. DUNNING: That is what is represented to me.

Mr. BENNETT: I certainly appreciate the difficulty the minister faces in dealing with this or any other item so completely affected by war conditions, using those words as indicating a state of mind on the part of many people rather than an actual condition. I represent a locality which is interested in vegetable oils and I bring the matter to the attention of the minister at this time because I did not participate in the discussion the other day. If a report is received from the board, we have no power to deal with it by executive action.

Mr. DUNNING: By agreement only.

Mr. BENNETT: It may not be desirable to initiate such a discussion in the light of the representations which I know have been made to the minister. So far as I am concerned, these representations do not affect my judgment when I realize that 125,000 tons of these materials have come into this country and in view also of the statement made before the price spreads committee as to the tremendous effect it had upon the profits of Canada Packers.

Mr. DUNNING: Certain ones only.

Mr. BENNETT: Certain ones of which?

Mr. DUNNING: Of the packers.

Mr. BENNETT: I said Canada Packers; I mean the firm.

Mr. DUNNING: Western packers, of course, have not access to this commodity on an economic basis.

[Mr. Dunning.]

Mr. BENNETT: I am thinking about the firm known as Canada Packers. The representations that have come to me have probably been made to the minister himself by western packers, who feel the situation extremely keenly.

Mr. DUNNING: Because they cannot get it economically.

Mr. BENNETT: Quite.

Mr. DUNNING: It depends upon whose ox is gored.

Mr. BENNETT: It may be that the minister has some warrant for his assumption that the interest is because they cannot participate, but at any rate the interest is very great and the representations are very strong. I suggest to the minister that the matter may become so overwhelmingly important if certain factors continue to operate that it might be desirable to initiate discussions without delay.

Mr. DUNNING: The chairman of the tariff board advises me that seldom has he had before him a matter which requires such extensive research as this one. I questioned him about it, of course, following the representations which were made, and the representations themselves followed the agreement with Great Britain with respect to this particular item, which, as my right hon. friend knows, is viewed by Great Britain as very important.

Mr. BENNETT: I was not quite sure on that point. I was going to ask the minister.

Mr. DUNNING: But I do know this, that the relations at present existing between Canada and Great Britain with respect to these matters, especially having regard to the disturbed world conditions in many commodities, ensure sympathetic consideration by either government of any difficulty which is made known by the other with respect to the working out of the agreement. I feel sure that if the facts as disclosed by the tariff board indicate a situation demanding remedy we can secure a reasonably good hearing—I would go so far as to say favourable consideration from the British government in connection with anything we may find it necessary to propose in the interests of Canada.

Mr. BENNETT: Yes. I understand there has been a hearing before the tariff board; is that so?

Mr. DUNNING: I beg your pardon?

Mr. BENNETT: A hearing has commenced before the tariff board?

Mr. DUNNING: Yes.

Mr. BENNETT: I was not in the country, but I read some newspaper clippings which indicated that quite a bit of evidence had been given with respect to the matter here in Canada.

Mr. DUNNING: Yes.

Mr. BENNETT: But the inquiry was adjourned, as I understand.

Mr. DUNNING: That is right.

Mr. BENNETT: And there is nothing to indicate that any inquiries have been prosecuted outside of this country. Presumably it does involve some inquiries beyond Canada altogether.

Mr. DUNNING: I would not definitely say so.

Mr. BENNETT: When the minister spoke about the complexity of it as indicated to him by the chairman of the board, I was wondering whether or not the question of subsidiary interests that might be affected was included. Soap makers, for instance, are interested.

Mr. DUNNING: I can assure my right hon. friend that if he had been in the country he would have been inundated with representations by soap makers and bakers and—

Mr. BENNETT: Candlestick makers.

Mr. DUNNING: Yes.

Mr. BENNETT: The immediate pressure appeared to be, judging from what I read, from the soap makers.

Mr. DUNNING: And the bakers and the laundrymen, but strongest from the bakers.

Schedule agreed to.

Schedules V to VII inclusive agreed to.

Preamble agreed to.

Mr. BENNETT: Having regard to the various schedules and the negotiations as to the time at which the agreement is to come into force, it is desirable that some portions come into force at one time and other portions at another time? I mention this having regard to the tariff resolution.

Mr. DUNNING: That is all covered.

Mr. BENNETT: No. The sentence might read: This act shall come into force at a date to be fixed by proclamation of the governor in council.

Mr. DUNNING: In the meantime, under the provisions of the existing agreement—I think it is article 17—

Mr. BENNETT: It is not very important, because it is being repealed.

Mr. DUNNING: —a great deal of thought has been given to the matter and considerable negotiations have been carried on between the two countries. I should like to reassure my right hon. friend upon this point and perhaps if I read my whole note on the matter, which is very carefully prepared and represents the understandings of both governments in respect to it, my right hon. friend will understand the position:

The agreement as a whole will come into force on a date to be agreed upon by the governments of Canada and the United Kingdom after the necessary legislative action has been taken in both countries. British action yet remains to be taken. As far as Canada is concerned, the bill before the house giving the agreement the force of law in Canada from a date to be fixed by proclamation will enable the Canadian government to implement its undertakings in their entirety. Similar legislation is being introduced in the United Kingdom and when it has been passed, both countries will be in a position to fix the date for the coming into force of the new agreement and the consequent termination of the 1932 agreement.

I call attention to the last words. The 1932 agreement remains in force until terminated by understanding between the two countries.

In the meantime, in accordance with the third sentence of article 17 of the new agreement, and under authority of article 23 of the 1932 agreement—which remains in force—the two governments agree that as from February 25, 1937, article 9 of schedule E of the 1932 agreement would be replaced by articles 6, 7 and 8 and schedule 4 and 5 of the new agreement, with this exception: the provisions of the 1932 agreement remain in force and will operate until they are superseded by the new agreement from the date to be agreed upon between the two governments.

That, I think, answers my right hon. friend's question. We are utilizing a provision of the old agreement to keep it in force until the proclamation.

Mr. BENNETT: And of course the old agreement remains unrepealed until the proclamation.

Mr. DUNNING: That is true.

Bill reported, read the third time and passed.

PRECIOUS METALS MARKING ACT

AMENDMENTS TO CLARIFY DEFINITIONS OF GOLD PLATED AND SILVER PLATED ARTICLES AND TO SUPERVISE DATE LETTERS AND ADVERTISEMENTS

Hon. NORMAN McL. ROGERS (Minister of Labour) (for the Minister of Trade and Commerce) moved the second reading of Bill No. 2, to amend the Precious Metals Marking Act, 1928.

Mr. BENNETT: Explain, please.

Mr. ROGERS: The proposed bill provides for three minor amendments to the Precious Metals Marking Act. I think I am quite safe in saying that no one of these amendments is likely to prove contentious. I had proposed to take up the several amendments when the bill was in committee. I doubt if they call for any extended statement at this time.

Mr. BENNETT: No principle is concerned?

Mr. ROGERS: There is no principle concerned.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—Gold plate, gold plated, silver plate, silver plated.

Mr. BENNETT: What is the real commercial effect of this?

Mr. ROGERS: I understand that the addition here of gold plate and gold plated and silver plate and silver plated in section 10 is designed to enable the purpose of the act to be carried out with respect to articles of this kind manufactured from precious metals. It has been found, for example, that when an article was described as being of gold plate or silver plate it did not come within the safeguards provided in the act. As the leader of the opposition is aware, the purpose is to prevent fraudulent misrepresentation by providing for certain markings which will be a guarantee to the purchaser that he is receiving what he expects to receive.

Section agreed to.

On section 3—Date letter.

Mr. ROGERS: I am going to ask my colleague the Minister of Agriculture to move that this section be deleted. Certain differences which have occurred over this section account for the fact that though the bill has been on the order paper some weeks, it has not been possible to proceed with it. The original intention was that the Canadian manufacturers of fine articles of gold and silver might be enabled to use the current date mark as used by the Worshipful Company of Goldsmiths of London, England. However, it was discovered on further inquiry that the company of goldsmiths had certain objections to their date letter being used in Canada, and for this reason it is not proposed to proceed with this clause of the bill.

Mr. STIRLING: No date letter will be used in Canada?

Mr. ROGERS: The current date letter of the Worshipful Company of Goldsmiths of London will not be used. As I understand it, they use twenty letters of the alphabet, placing them in certain shields, or other designs, and those in the trade, by means of these letters, are able to determine the exact year of the manufacture of the article so marked. Some Canadian manufacturers thought that it would be of advantage to them to use the same current date letter and it was felt that where the date letter of the Worshipful Company of Goldsmiths was known there might be some advantage in following that particular date letter. That company, however, has intimated that it would prefer that we should not use the same date letter, and for the time being it is not proposed to proceed with this section.

Mr. HEAPS: Was any reason given for the objection?

Mr. ROGERS: The latest communication from the goldsmiths' company, through the High Commissioner for Canada in Great Britain, reads:

> Your telegram March 11th Metal Marking Act. Goldsmith Company regret unable to accede to request. They feel it should not be impossible to attain object without making use of London hall mark in the same way as other assay offices in the United Kingdom have distinguishing date letters, and they suggest that there would appear to be no reason why Canada should not adopt similar course. Goldsmith Company further suggest that it would be of advantage to accompany date letter which may be adopted with an additional mark representative of Canada which could not be copied elsewhere.

That is the objection made on their behalf.

Mr. BENNETT: When I first saw this amendment I thought there would be some difficulty about it. In my opinion it is highly desirable that we should have some way of identifying the date of our silver. There are three marks on English silver: first, the mark indicating its quality; second, the mark of

the city in which it is manufactured; and third, the letter that gives the date. The word sterling rarely appears on English silver. The Edinburgh marks are different from those of Chester or Birmingham or Sheffield. The London marks are the ones that we are most familiar with. The date letter for 1937 is capital A on the shield. That was given when the distinctive mark expired on the death of George V, and it covers both Edward VIII and George VI. The leopard's head indicates the quality and the place of assay.

Many times I have heard doubts expressed as to the quality of some of our silver that bears the word sterling. The quality of sterling depends, of course, on the amount of alloy mixed with it; $^{975}/_{1000}$ being usually perfect alloy for silver. It does seem to me that we should have some such provision as this, and I had hoped when the bill stood so long on the order paper that the minister was taking the opportunity to arrange with the British authorities that there should be no confusion. I think we might have a beaver, which it would not be difficult to place on silver, and that would indicate the quality. The question of location would have to be determined by subsequent conference between the body of the trade and the government. The date letter is a matter of arbitrary arrangement. In point of fact the oldest date goes back to the 1400's.

I do not think it would be difficult for us to arrange our letters in such a way as to avoid the possibility of conflict with the English. As it stands now, the difficulty is very real. If, for example, our letter were the same as the English, and if the same form were followed, one might look at a piece of silver and conclude that the date was 1700 and something, when in fact it was 1935. It would be highly desirable to work out some plan whereby from a letter or some arbitrary symbol we might be able to determine the age of our silver. The practice is quite interesting; it also adds to the value of the silver. It is only for a year, of course. The date on which the new letter is promulgated is not always certain, but it continues for twelve months, during which period the particular letter chosen is impressed. Once you get your place of assay, then you have no trouble in fixing your date from that letter.

Mr. ROGERS: Time of identification.

Mr. BENNETT: Yes, it identifies the year exactly. If you have your other two marks and can define them, then you know where it was assayed, and you know it is what is called sterling because that other mark indicates it is sterling silver according to the English definition, which I think is $^{975}/_{1000}$. In the United States they are exactly as we are. You have the initials of the firm that manufactures, for instance, Gorham's is "G. & Co." stamped on the bottom of a silver tray. But that does not help because there will be the word "sterling" put somewhere in the corner. You do not know what year it was done. In England you can take your magnifying glass and read that letter on a piece of silver and fix the year, if you are familiar with the symbols. I hoped the minister was going to be able to carry this through, because I think everyone realizes it would be a distinct advantage to us all.

Mr. GARDINER: I move:

That section 3 be deleted.

Mr. HEAPS: Is anything going to be substituted for this clause?

Mr. ROGERS: Nothing to be substituted at the present time. The final communication from London was under date of March 19, and it was not found possible by the Department of Trade and Commerce in the interval to provide a substitute for the clause it is now proposed to delete. I might say, however, that it is strongly the view of the Department of Trade and Commerce that there are advantages on the side of having a date letter as was proposed in this clause, and I shall certainly bear in mind what has been said in support of that view by the leader of the opposition. I might at the same time direct his attention to the fact that the Precious Metals Marking Act does provide for national marks.

Mr. BENNETT: But we have not got far with it.

Mr. ROGERS: No, but they may be authorized by the governor in council.

Motion agreed to.

On section 4—Advertisements.

Mr. BENNETT: Does this stand in its present form in view of the deletion of section 3?

Mr. ROGERS: There is to be a slight amendment of the form of words.

Mr. GARDINER: I move:

That subsection (d1) be deleted and the following be substituted therefor:

"(d1) in any printed or written matter of the nature of an advertisement of an artcle to which this act applies uses any mark or description the application of which to such article is prohibited by this act."

Mr. BENNETT: I wonder if the minister regards that as the best expression. It is difficult to suggest that an advertisement uses anything.

Mr. ROGERS: I think perhaps the explanation lies in the interpretation section of the act. The word "applies" is given a restricted meaning; that is, a description applied to an article would mean a description attached to the article itself, either by some form of impression or by a label or tag. But it has been found that the purpose of the act has been frustrated through false advertisements. That is, there may be an advertisement saying that certain described articles of silver will be sold at a certain section of a store at a certain date, and that may very well operate to induce a purchaser to go to that particular place believing he is receiving these articles.

Mr. BENNETT: Would it not be better to put it another way? As it is now you have—

Mr. STIRLING: Two verbs contiguous.

Mr. BENNETT: Not only that, but you assume that an inanimate thing is capable of an act, that an advertisement uses something.

Mr. ROGERS: I might quote the original section:

(d) imports or otherwise brings into Canada any such printed or written matter;

And this would follow:

in any printed or written matter of the nature of an advertisement of an article to which this act applies uses any mark or description the application of which to such article is prohibited by this act.

That is, there is another section which expressly forbids—

Mr. BENNETT: Yes, I know exactly the case they are after.

Mr. ROGERS: I have no desire to insist on this particular form of words.

Mr. HEAPS: In making the goods designated in a previous clause is any firm allowed to mark the goods themselves without having the permission of the governor general in council?

Mr. ROGERS: Provision is made in the Precious Metals Marking Act for the use of marks of quality on articles of precious metals.

Mr. BENNETT: Similar to the hallmark, so-called, in England.

Mr. ROGERS: Yes.

[Mr. Gardiner.]

Mr. HEAPS: Are the firms who mark the goods given permission or licence to do so?

Mr. ROGERS: No licence is necessary, but if marks are used and if there is misrepresentation they fall under the penalties provided in the act.

Mr. HEAPS: Is there such a penalty as revoking the right to use the mark?

Mr. ROGERS: Section 13 deals with offences and penalties under the act:

Everyone is guilty of an offence, and liable, on summary conviction thereof, to a fine not exceeding one hundred dollars and not less than twenty-five dollars for each article or part of an article in respect of which the conviction is had, who being a dealer,

(a) applies to an article any mark not authorized by this act, or by regulation made under the authority of this act, to be applied thereto;

(b) applies to an article any mark in a manner not so authorized;

(c) omits or neglects to apply to an article any mark required by this act, or by regulation made under the authority of this act, to be applied thereto.

My hon. friend's question related to the nature of the penalty. The penalty provided in this particular section is a fine.

Mr. HEAPS: I thought the government might regulate or control the privilege of marking these goods. I think the revocation of the right to use a certain mark in cases of infraction would be a greater deterrent to fraudulent practices than a fine.

Mr. BENNETT: That part of the statute is not in force yet.

Mr. ROGERS: It comes under the Unfair Competition Act. The trade marks have to be registered.

Amendment agreed to.

Section as amended agreed to.

Preamble agreed to.

Bill reported, read the third time and passed.

BUSINESS OF THE HOUSE

Right Hon. R. B. BENNETT (Leader of the Opposition): What shall we take tonight?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Immediately after recess we shall take up the resolution standing in the name of the Minister of Labour (Mr. Rogers) respecting unemployment and agricultural distress; then the resolution in the

name of the Minister of Finance (Mr. Dunning) with regard to the indebtedness of the Canadian National Railways, and after that supply.

Mr. BENNETT: Has the Prime Minister any particular department in mind?

Mr. MACKENZIE KING: The remaining supplementary estimates for the current year. If we get along with those we shall take up the Trans-Canada Air Lines bill.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

UNEMPLOYMENT

PROVISION FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

Hon. NORMAN McL. ROGERS (Minister of Labour) moved that the house go into committee to consider the following proposed resolution:

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

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

Mr. ROGERS: Mr. Chairman, this resolution precedes the introduction of a bill to provide for the continuance of federal assistance to the provinces, and through the provinces to the municipalities, in their efforts to deal with unemployment and agricultural distress. The present act, namely the Unemployment Relief and Assistance Act, 1936, expires, as no doubt hon. members are aware, on March 31 of this year. Although it is generally recognized that economic conditions have improved considerably during the past year, and we trust are continuing to improve, still the improvement has not yet reached the stage where federal assistance can be withdrawn.

The bill which will be founded upon the resolution is in terms very similar to the present Unemployment Relief and Assistance Act and, like it, provides (1) for the initiation and carrying on of works by the federal government for the alleviation of unemployment and agricultural distress; (2) for federal assistance being extended as in the past few years to the provinces, under agreement with the latter in their efforts to relieve unemployment conditions and also the very serious conditions which have existed in certain areas of the prairie provinces; (3) for the continuance of assistance by the dominion to the provinces by way of loans towards the provinces' costs in connection with such measures; and (4) a further provision by which the province is required from time to time to furnish the dominion with certified statements as to its financial condition in such detail and in such form as the dominion may require; also that it shall furnish such other information and permit such examination and audit to be made by the dominion as may appear to be necessary.

Those, Mr. Chairman, are the main features of the bill which will be introduced following approval of the resolution.

Mr. HEAPS: Mr. Chairman, before the resolution carries, I suggest that we ought to have a more extended statement from the Minister of Labour. He speaks of the greatly improved conditions which prevail to-day as compared with last year and possibly the year before. I should have liked to hear more from the minister in that respect. He may say that he is prepared to give that information when the bill is in committee after it has received second reading, but in view of what has happened in past years I am asking that the information be given now. I can remember occasions in years past when days and days have been spent in committee on the resolution in a discussion of the general situation, but very little opportunity is afforded in committee on the bill to ask questions on details. I believe the minister would not be doing anything out of the ordinary if at this time he were to give a little more information than he has done. After all, there is no question so important to the house or the country as this one respecting relief and unemployment.

Personally I should like to know the government's policy for coping with the situation. It will be of no use for the minister or hon. members to say that a commission has been appointed to deal with the question, and use that as a cushion upon which to fall every time the matter is raised. After all, the government must assume responsibility for dealing with unemployment. We would like to know what the policy will be, because the granting of relief to persons out of work and the creation of additional public works are in themselves no solution of the unemployment problem. I believe the minister will be one of the first to admit that no form of capital expenditures initiated by the government is in itself a long-range solution of the problem. In my opinion capital expenditures ultimately

tend to aggravate the situation. If the government has a definite policy for dealing with unemployment, I should like the minister to state it at this time, rather than later when we are in committee on the bill.

The government admits that at this time there are 400,000 out of work. One of the tragedies we must face is the vast number of young men and women who are leaving school or have been out of school for some years and are still unable to find a means of livelihood. The problem of the government to-day is either to find employment for the rising generation and those members of the older generation who may be out of work, or so to adjust the economic life of Canada as to make it possible to absorb these people into useful and productive occupations.

So far this government has done nothing different from what has been done in the past six or seven years. We have been told, and probably will be told again, that it has adopted the policy of attempting to expand our foreign trade. Well, every country is attempting to do that, and if there has been any expansion in our foreign trade it has been not so much the result of the policy adopted by the government as the result of world conditions over which the government and probably parliament had no possible control.

Let us suppose that within the next few months the great rush of manufacturing armaments ceases, through some agreement among the nations of the world. Canada would be one of the first countries to feel the effect of such a stoppage, and our numbers of unemployed would be greatly increased. To-day our wheat is moving to Europe because of the war scare. Our factories are running longer hours and more men are being employed on account of the increased spurt in the manufacture of armaments. If for any reason the manufacture of armaments stopped, what would happen to us? To-day we have about 400,000 people out of work. We are unable to provide them with any form of employment, and we are told again to-night that for the next twelve months all they can hope for is further relief from federal, provincial or municipal authorities.

I have a strong objection to the giving of relief to those men and women who unfortunately find themselves out of work, because instead of making useful citizens of them we are doing the reverse. If at all possible I should like to see the government, represented by the minister, place before the house some concrete proposal just as is being done in other parts of the world, so that we may go back to our constituents and tell them that the government is attempting to deal in a fundamental way with the problem of unemployment. In my humble opinion ours is one of the most backward parliaments in the world in dealing with this problem, and I do not think any person would deny that. Look to any country within or outside the empire and you will find that in some fundamental way it is grappling with the problem of unemployment.

In this country we seem to be at a complete standstill. Sometimes we say it is the result of the British North America Act, sometimes that it is the result of the policies adopted; but whatever the excuse may be, the fact remains that in this country we are doing less to deal with the problem of unemployment than is being done in any other country. I do not want to see us take a backward step; I should like the government to bring down a forward-looking policy which would commend itself to all parties and all members and permit our young people and the older generation to look forward to the future with some hope.

I ask the minister and hon. members of this committee, with what degree of hope can those who are out of work look forward to the immediate future? We are in the second session of this parliament, and if it goes the usual length of four years, its life is half over; yet nothing worthy of mention has been done to deal fundamentally with the problem of unemployment. I ask the Minister of Labour to inform the committee and the people of this country whether the government has in contemplation any plans outside of what he has enumerated?

Mr. ROGERS: Mr. Chairman, as my hon. friend is aware, a bill will be founded upon this resolution. Ample opportunity to discuss the unemployment question in all its aspects will be afforded while the bill is before the house in committee. A further opportunity of discussion will be afforded when specific proposals dealing with certain aspects of the problem are before the house in the form of special supplementary estimates. I have no desire to withhold any information which any hon. member of the committee may desire at this time, but it does seem to me that there might be a danger of duplicating discussion.

The bill itself will be similar in terms to the Unemployment Relief and Assistance Act of last year and will open up the whole field of the problem for discussion. Perhaps it would meet the desires of the committee if I made a statement with respect to each of the Department of Labour special supplementary estimates when they are before the house in com-

mittee. That would enable us to focus attention upon the particular measures designed to relieve unemployment and agricultural distress. If we have a discussion now there is a possibility that it might range over a wide field and not be so focussed as to bring criticism or possible approval of particular measures.

I share the view expressed by the hon. member for Winnipeg North (Mr. Heaps) that the task before us is one of great magnitude. However, it seemed to me when he was speaking that he seemed to exclude two of the methods adopted of providing additional employment. The first is the expansion of foreign trade and the accompanying stimulation of our own industries, and, second, the expansion of public works. I do not think I am distorting what he said when I suggest that he excluded the public works remedy as one which afforded any permanent hope of dealing with this problem. With that view I am in complete accord. I would point out to him, however, that due in part to the trade policies of the present administration and, I am bound to admit, in part to conditions over which no government has any control, there has been an expansion of employment during the past year. That expansion is reflected in the figures which have been discussed quite recently in this house. For instance, there has been an improvement of some 56,000 employed gainfully in this country during the past year; that is to say, some 56,000 more of our people were employed in January of this year than in January of last year. You will find that the 1936 figures represent a considerable improvement over the figures for January of the previous year. To be quite fair, I must also say that the figures for January of 1935 indicated a considerable improvement over the figures for the same month of the previous year.

May I say at this point that if one is going to have a reasonable understanding of this problem, if one is going to present it to the country in terms which can be readily understood, it is of the utmost importance that statistics should be presented in their proper setting and with proper explanations and qualifications. For example, would anyone suggest that in a country of seasonal employment it is proper to compare figures of employment in July of one year with the figures of employment in February of another year? I suggest that the only way in which a fair estimate of the improvement in employment in a country of seasonal occupations can be obtained is by taking the figures for the same months in successive years. If I am correct in that suggestion, then perhaps I am guilty of a degree of condemnation of some hon. members of this committee who, I am willing to concede quite inadvertently, have given a misleading picture by taking the employment or unemployment figures for one month and comparing them with the figures of another month in previous years.

When we look over the industrial conditions obtaining in Canada at this time I think we are justified in saying that there has been a very marked improvement in employment in the province of British Columbia. During the past year and a half there has also been a notable improvement in employment in the maritime provinces.

Mr. WOODSWORTH: The minister is giving employment figures; would he give us the unemployment figures?

Mr. ROGERS: I have the figures of those who were on relief.

Mr. WOODSWORTH: That is only part.

Mr. BENNETT: Mr. Chairman, perhaps I could shorten the discussion as far as we are concerned by making a suggestion at this time. We do not desire to duplicate the discussion, but at this stage of the session I am sure we all desire to obtain the maximum information with respect to this problem with which we have to deal. It is a question whether or not it might not be more advantageous if the minister would supply the information asked for now. In the very nature of things, when the bill is before the committee the chairman may limit the discussion to a particular section and thereby prevent a general interrogation of the minister which would be quite permissible on the resolution. If the minister will not misunderstand me, I suggest that it might be well for him to make a statement indicating the exact problem with which he is faced at this time. We are now at the end of March. He might tell us what the position is with respect to the farm side of the problem; then he might proceed to tell us the number of unemployed and the number on relief at this time as compared with the same time last year. Perhaps he could indicate in a general way the measures which he proposes to take to deal with this problem. As he says, he has the information there, and I am inclined to think that in view of all the circumstances it might expedite business if he dealt with it in that way. That is my own personal opinion only.

Mr. ROGERS: As I explained at the beginning, I am entirely in the hands of the committee. It is a question simply of when the information can be given with the greatest advantage. The hon. member for Winnipeg North asked as to unemployment figures.

As he is aware, we do not have any exact census of the unemployed in Canada. In saying that I am simply traversing ground which is familiar to all hon. members. The bureau of statistics, however, has for some time past made an estimate of unemployment in Canada, and upon the basis of comparisons which, I believe, were derived from the census figures of 1931 they inform me that they have reason to believe that their estimate of unemployment is quite accurate. It is, however, an estimate and nothing more.

Mr. BENNETT: It is the same estimate based on consideration of the same factors as heretofore?

Mr. ROGERS: Yes.

Mr. BENNETT: Well then, you have something that is comparable anyway.

Mr. ROGERS: Quite. It does not differ in any particular. Referring to the question put by the hon. member for Winnipeg North Centre I have the figures—that is, the estimate—for unemployment as given by the bureau of statistics: for January, 1935, 572,000; January, 1936, 556,000; January, 1937, 500,000. That does indicate, I suggest, at least a steady improvement during that period. I should also like to repeat what I said a few moments ago, that one also finds that there was an improvement as between January, 1934, when the number stood at 598,000, and January, 1935, when the number stood at 572,000. At the same time the improvement in the unemployment figures during the past year is greater than in any previous year, as will be seen by the figures I have given. There is an improvement indicated here during the past year of 56,000.

Mr. HEAPS: Could the minister inform the committee which particular industry shows the greatest gain in employment?

Mr. ROGERS: I am sorry but I have not that information. As I explained to my hon. friend, this estimate comes from the bureau of statistics. Perhaps I should say this, that the figures as prepared are based upon (1) the records of the trade unions; (2) the returns of the employment services of Canada; (3) the bureau's index of employment in firms; and (4) the population trend. Those are the several factors upon which this estimate is based.

Mr. WOODSWORTH: Did not the employment commission secure any accurate statistics?

Mr. ROGERS: Two reports have been tabled of the registration of the unemployed on relief. Again I would remind my hon. friend that the registration was confined to the unemployed on relief, and for reasons which I think were given quite fully a year ago to this house.

Mr. MacINNIS: Has the bureau of statistics recourse to any figures other than those on relief, so that they can take into account unemployed who are not on relief?

Mr. ROGERS: As I just indicated, the estimates of the bureau of statistics are based upon a number of factors—returns from the trade unions, returns from the employment services of Canada, the bureau's own employment index, and finally the population trend. That is to say, the figures of the bureau of statistics are worked out independently and they cover a larger field in that they go beyond the unemployed on relief. These figures are supposed to represent as an estimate the total of the unemployed in Canada.

Mr. STIRLING: Does the minister understand that the estimate covers men, women and children down to the age of sixteen, or something of that sort?

Mr. ROGERS: I have no information which would indicate that. I assume that it would cover all those who would otherwise be employable, but I think that one can only infer from the factors used how extensive it would be.

Mr. POULIOT: The hon. member for Yale (Mr. Stirling) should be satisfied with the information given, because it comes from that well of information which has the high approval of his leader, the right hon. member for Calgary West (Mr. Bennett). The minister obtained these figures from the bureau of statistics, and if the bureau cannot go any further, well, then it must be O.K.; the ex-minister of national defence cannot ask any more; the bureau is an encyclopedia of general information about unemployment. Where did they get it? They got it from this association, from that association, from a hundred and one other associations who do not know anything about it; they brew it with algebra and geometry and every other kind of mathematical science, and here you have the approximate data about unemployment; you must be satisfied with it; it is a full course meal of knowledge about unemployment. I regret very much to have to dissent in that particular.

It was not my intention to have spoken at this time; I purposed to wait until the bill was brought in, and I so informed the minister. The hon. member for Winnipeg North (Mr. Heaps) inquired about what had

been done, and other hon. members may be interested in practical suggestions with regard to the relief of unemployment. I have full confidence in the minister in charge, provided that the members of his staff go to the proper sources for information. It is very easy for an employment commission to get it. They have only to communicate with the provinces and tell them that they want that information to be secured from the municipalities. And there is this sanction, that if the information is withheld the minister can tell the provinces: You will get no relief unless we receive the data we have asked for.

The idea underlying the classification of the unemployed is the drafting of a proper policy for the relief of unemployment. How can this be possible unless the government knows what can be done with the unemployed; what has been their previous trade or occupation? So far as the building trade is concerned, openings may be offered to those carpenters, plumbers and other artisans who have been on relief for some time—some of them, in fact, for years. Some of these men were out of work while the last government was in power, and now that there is improvement in that field, so much the better. But, as has already been said, the idea must not be to give an opportunity to people who have no money to go considerably into debt in order to install new plumbing fixtures and other improvements in their homes. Rather the purpose is to inspire confidence among people who have money, in order that they may spend more of their own money. If the Canadian people understood that, we should soon see larger expenditures in the repairing of existing homes and the building of new houses.

Theoretically speaking, I am against the granting of subsidies by the dominion government for this, that and the other thing. The dominion gives regular and statutory subsidies to the provinces to help them to manage their own business; this parliament does not interfere in the expenditure of that money. But if the provinces have an exclusive jurisdiction in one matter and the federal government is without jurisdiction in the same field, I do not see how they can clasp hands to do cooperatively work which one of the parties has no right to do. I cannot understand such a system. When two parties agree to do something, in order that they shall work together, each of them must have some jurisdiction. As things are, however, this kind of help is extended as a means of showing good will, as evidence of tolerance, and also on account of the emergency.

I have investigated the condition of the settlers who have been established on rocky lands and the committee will be surprised to learn that many of them have not a single animal. They have not a horse or a cow or an ox, and in some cases their hens have died of hunger. It is incredible but true. These men have been put on this rocky soil which is anything but fertile by various organizations—the provincial government, and especially the colonization department of the Canadian National Railways, at the head of which was Mr. Laforce. To my great astonishment this man was elected president of the St. Jean Baptiste Society of Montreal by the credulous members of that society, and after that was loaned by the Canadian National Railways to the Quebec government. He is now deputy head of the provincial Department of Colonization. It is a real shame, because he is entirely ignorant; he cannot speak properly either French or English. He was formerly in the immigration department of the Canadian National Railways, and when he lost his job there, he began to organize a department of colonization which is absolutely useless. He nas been replaced by another useless individual, who praises Laforce so as to show that he himself, Lanctot, is useful.

The poor men who are on this land have written to me stating that they have no relief. But, more than that, if these poor settlers, many of whom die of starvation, happen to make a little money by working on the roads, or if they have a premium of some sort from the provincial government, they receive no more direct relief. They get $3 or $4 a month as relief, and sometimes $5. I thank the minister (Mr. Rogers) from the bottom of my heart for the interest he has taken in them. It is not my business as a member of parliament to look after the colonization schemes of the province of Quebec, but it is my duty as a Canadian citizen and as one who knows the sufferings of these people, to give full information to the dominion government about what is going on. I have been laughed at in this house and called many names because I defended the poor men who have been suffering in the north. They sent me affidavits in support of the statement that the mothers had no milk to give their babies. A permanent official of the Quebec Department of Health told me some time ago that the reason why infantile mortality has not been decreasing in that province was that the children were underfed, even the babies being given, not milk, but simply the juice of pork and beans, and sometimes the beans without the pork. That is why infantile mortality has not been decreasing there. I learned that

from no less an authority than Doctor Lessard, who was supervisor of the Department of Health in Quebec. It is time there was a readjustment.

I do not understand how people could be credulous enough to accept Laforce as deputy head of the Department of Colonization in Quebec. It is shameful. That man should be sent back home. An official of the Canadian National Railways told me the reason why he is reputed to be an expert. Someone said "We know he knows nothing but he talks so much about colonization that we have come to believe that he does know something about it." In the civil service, in the Canadian National Railways, and outside, there are many men receiving fat salaries and doing their best to keep their jobs at the expense of the poor fellows who have to pay for it all.

I know these settlers; I see them every day in the recess when I am at home; I visit them. I should like the members of this committee to see their plight—four families with only one ox, and sometimes not even that. I could mention names; I could let the minister have the information I have received. He can check it at any time. There are families of five, six, seven, and eight young children, settled by the Quebec government on certain lots through the cooperation of Laforce, as Mr. Hungerford admitted on March 18 in the committee on railways and shipping. These people are on rocky soil, the timber having been destroyed by fire; on many lots there is no construction timber, and the fuel trees have been burned down; and they have not a single animal. How can they live except by direct relief?

That is why on principle I am opposed to the policy of duplication. The employees of the Quebec government have informed these settlers that they have suffered so much through the fault of the dominion government, that it is the fault of the dominion government that they do not receive direct relief. It is a shame. Provincial governments should take the responsibilitiy for what they are doing. I do not know anything about colonization in Ontario but I know a great deal about it in Quebec, and when I visited the settlers during the last election I was moved to tears by their condition—and I was the more amazed at the reception I got in the House of Commons when I spoke on their behalf.

I am inclined to believe that the reason these men have no roads is that there is a desire to prevent people from seeing them and the conditions under which they have to live. The condition of these settlers in the new parishes of my constituency is incredible; the committee would not believe me if I told them how these people are treated. I protest strongly and I hope that Mr. Duplessis will read what I am saying to-night and will soon fire Laforce, who has been an exploiter of the Canadian National Railways. He is one of those responsible for the martyrdom of these brave settlers, their wives and children. It is time the people of the province of Quebec woke up and realized what has happened in these new colonization districts. I am sure the minister knows enough about it to realize that I am not exaggerating. I invite anyone to come with me next summer and see these settlers. They will be found to be very good and worthy people who deserve something far better than they have received from men like Laforce.

Mr. HEAPS: As the hon. member has referred to the unemployment situation in Quebec, will the minister tell us whether in recent weeks he has had any complaints with regard to maladministration of unemployment funds in respect of the city of Montreal?

Mr. ROGERS: From time to time we have had complaints about the distribution of relief in particular municipalities. Someone may send in a complaint, suggesting that relief has not been administered without discrimination. Whenever a complaint of that kind is received an inspector is sent to the locality and a report is made. If the report confirms the complaint the matter is brought at once to the attention of the provincial government, and I think that I can say that in general the condition has been remedied without delay.

I do not recall that we have had any formal complaints with regard to the general administration of relief in Montreal. Actually the dominion government has not in the past interfered and does not now interfere with the relations existing between the provincial governments and municipalities. I doubt very much whether, even if the provincial government of Quebec had reason to condemn the administration of unemployment relief in Montreal, they would bring their complaint to the attention of the dominion Department of Labour. It would be more natural to expect a provincial government to take its own measures to correct that situation.

Mr. POULIOT: I wish to thank not only the minister but Mr. Hereford, Mr. Carter and the other members of the department who have helped me in my work on behalf of the settlers.

The CHAIRMAN: Order.

Mr. MASSEY: I was very much interested to hear the minister's comments in connection with the subject matter of the forthcoming bill, and also his answer to the hon. member for Winnipeg—

Mr. ROGERS: An answer which is not yet completed.

Mr. MASSEY: I fully understand, but I was referring only to the part which had been concluded, that is that there has been in the past year an increase of 50,000 in the number employed, to which we all say hear, hear. On the other hand, let it be remembered that that increase of 50,000 is only 2 per cent, approximately, of the number of those gainfully employed.

Mr. ROGERS: But as against the base, about 10 per cent improvement.

Mr. MASSEY: About 10 per cent decrease in unemployment, and 2 per cent improvement in employment.

Mr. ROGERS: Well, I think that for the committee to get the proper picture you have to use the same base.

Mr. MASSEY: I agree with that, but let it be remembered that an increase of 50,000 is an improvement of 2 per cent in employment and at the same time a decrease of 10 per cent in unemployment. We in this country are concerned with two great controlling factors; one employment, and the other unemployment. As employment increases we would naturally assume unemployment would decrease, and here we have a case in point. We have a 2 per cent increase in employment and a corresponding 10 per cent decrease in unemployment.

Let it be remembered further that this year there will reach the age of sixteen over 200,000 Canadian young men and young women. Of this 200,000 a very substantial percentage will be seeking employment. This is the fresh crop of Canadian youth, ready to follow the occupation perhaps of their choosing or that which perforce they must accept. There is, of course, a substantial number each year—I do not wish to go into figures at this stage of this debate—who drop out of occupations, and their places must be filled by others, these men whose places are vacated as the result of death, injury, old age or whatever it may be.

We must further bear in mind that the change which has taken place in the operations in factories and such places in the last few years has been very extensive; mechanization has been carried forward to a great degree, and operations which heretofore required hand labour in great part now require it to a very much less degree.

Further there are to-day many firms working overtime, which instead of employing an extra man or two, or three or four, or one hundred, are working their regular force extra hours. In one department of government that is the case. My friend the Postmaster General (Mr. Elliott) knows full well, I imagine, that in many places there are those "temporarily employed" who are working far longer hours than they are supposed to do in such employment. That is certainly true of the city of Toronto. In a return made just the other day it is shown that temporary employees engaged in the sortation of mail who are supposed to work from say 7 o'clock until nine or nine-thirty in the evening are working until one, two, three, four or five o'clock in the morning. That simply means that they are taking jobs that might go to others; that the number employed in the post office might reasonably be increased without additional expense. Also in the same return the Postmaster General shows that the amount of mail handled at station "A" in Toronto is practically up to the 1929 level. I simply cite Toronto as typical. In fact, the Christmas mail—

Mr. ELLIOTT (Middlesex): The criticism by the employees in Toronto and elsewhere is that they are not permitted to work more time and get the extra pay that someone who would otherwise be out of a job is now receiving.

Mr. MASSEY: Yes, I agree that there are some cases of that sort, but there are two sides to the story. Some have come to me and complained bitterly because, being employed on a temporary basis, they cannot get the permanent rate, and they never know when they are going to have to work until three or five o'clock in the morning. The result is that they get a large amount of pay one week and a small amount the next, and they do not know where they are at; it is an entirely unsatisfactory state of affairs. However, I did not rise to bring the Postmaster General to his feet, but simply mentioned the post office as an illustration of what is happening in many places.

It seems to me to be peculiarly important that the minister in drafting his bill should bear in mind a factor to which I have spoken in this house on many occasions. In the speech from the throne, page 3 of Hansard, I read:

> Measures will be taken, in cooperation with the provinces, to assist in the establishment of unemployed young people.

There is a National Employment Commission, which I do not wish to discuss to-night. There is a youth committee of that

commission. That committee, according to the minister's own statement in a return, has reported on several different occasions. Legislation for the benefit of unemployed youth is forecast in the speech from the throne. Where is that legislation? Where is the value of those reports that have been turned in by this youth committee, which we will assume has done its work conscientiously and well? From the speech from the throne we who are peculiarly interested in the youth of this country took heart; we thought something might be forthcoming.

Mr. ROGERS: If I may be permitted to interrupt, while I do not believe it is in order to discuss estimates at this stage, I am sure my hon. friend is aware that a sum has been placed in the estimates for the specific purpose of providing training projects for unemployed young people. When it is stated in the speech from the throne that measures will be taken to carry out a certain object, that does not of necessity mean that the measures will assume legislative form. In fact, the bill which will be founded upon the resolution now before the committee will grant authority for the dominion government to enter into agreements with the provinces touching this and other aspects of unemployment relief. That is to say, this bill, the unemployment and agricultural assistance act, when finally approved will provide means by which the dominion government can cooperate with the provincial governments in order to deal with the establishment of unemployed young people. I take it my hon. friend is concerned with the object, and not particularly with the means by which the object is achieved.

Mr. MASSEY: Both, Mr. Chairman. After all, there is an object to be attained; there is a result to which we are all looking. The means towards that end are matters which have been discussed in this house many times. I do not think an original suggestion has been made to the minister this session in regard to possible ways in which the young people of this country can be given an opportunity to find gainful employment. The minister, that is to say, has in his possession to-day all the necessary information which he needs to build up concrete, specific, direct and constructive plans for the employment of those among our youth who are seeking employment. The minister knows perfectly well, for instance, that if there is an increase in the building trades as a result of this, that or the other thing that may be done to stimulate building, there is bound to be a scarcity of skilled mechanics. Here is a situation which this country is going to face if this improvement takes place.

[Mr. Massey.]

I cannot help but smile when those who sit opposite speak of the efficiency and effectiveness of this administration, what it has done to improve conditions, and how much has been done by its trade policy. The improvement in this country, Mr. Chairman, is not because of, but in spite of this government. Those of us who sit on this side realize that literally nothing of a wide and constructive nature is being done by this government, and at the moment we are not speaking from the point of view of his majesty's loyal opposition; we are speaking from the point of view of those throughout this country. One does not wish to become political in a matter of this sort; I am speaking as one who has a very keen interest in the future welfare of Canadian youth. Weekly I come in contact with a great many of our youth, not only in this province but in other provinces as well, and I know perfectly well the spirit of hopelessness that is possessing our youth because this government is not doing anything progressive or showing signs of doing anything. There are youth organizations, not merely local or municipal or confined to one province, but of a national character. The minister knows what they are, and what they are doing. Many of these young people are meeting night after night, discussing this problem, trying to formulate some suggestion that will be approved by this government. Some of us have brought forward these suggestions both last session and again this session. The minister has always received them with the courtesy that is characteristic of him; but what has been done? Nothing.

It may be said that I am anticipating what may be contained in the bill. We have yet to see this bill, but I do think it incumbent upon those of us who are peculiarly interested in the problems of which I have spoken to-night at least to raise our voices in an effort not merely to criticise but to criticise constructively, and to impress upon the minister that this great body of youth throughout the length and breadth of Canada are looking to this parliament to give them if nothing else, at least a ray of hope. Day after day goes by; we come to the dying hours of the session. What has been done in any shape or form that will give the young man or young woman who is out of a job and cannot get a job the assurance that, after all, we are progressing in the right direction and that this government is fully seized of the responsibility that rests upon it at least to give the youth of this country a feeling of distinct encouragement and hope after conditions have been so discouraging and so hopeless?

Accordingly, Mr. Chairman, I rose to-night to do what I could in this direction. I am not speaking politically; I am speaking as an individual in this house; I am not even speaking as one who is in opposition to the present government. I am speaking to the minister irrespective of politics or anything else on behalf of the youth of this country who are deeply concerned not with to-day only but with the to-morrows and to-morrows, and I sincerely hope that before this session is over something may be done which will at least indicate to the youth of Canada that the government is alive to the situation with which it must deal, for surely nothing has been done so far to give the slightest indication that the government is aware of what needs to be done.

Mr. ROGERS: Perhaps I should say that this special problem of youth did not suddenly come into existence in October of 1935. It has been a special feature of the unemployment situation from 1930 onward. I quite agree with my hon. friend (Mr. Massey) that the government must recognize it as a special aspect of the larger problem, but I should have thought my hon. friend would feel that some progress had been made when, for the first time since 1930, a definite sum was set apart to deal with the reestablishment of unemployed young people.

There will be an occasion for the discussion of this matter more properly, I think, when the estimates are before the house, but I should like to assure the hon. member that we do have in mind the importance of this question. I do not suggest for a moment that the amount appropriated will do all that he may think should be done, but I think it will permit us, in cooperation with the provinces, to make a definite beginning towards reestablishing unemployed young people in private industry, and I am quite sure he will agree that this must be the ultimate solution. Simply to arrange for a special public works program for the unemployed within the youth age group would not meet the situation at all.

Mr. MASSEY: Public works only—no.

Mr. ROGERS: What my hon. friend has in mind, I am quite sure, is the increase of the employability of unemployed young people in order that they may find their way into private industry, in order that they may be prepared for an opportunity and seize that opportunity when it comes. I agree that conditions during the last few years have not been favourable to that kind of preparation of our young people for specific tasks. I am entirely in agreement with my hon. friend when he suggests that something should be done along the line of preparing these unemployed young people for particular tasks and then, through what I hope will be an improved employment service, eventually bringing them into private employment. The whole matter is one which raises questions of jurisdiction. I do not bring this in as an obstacle; I think the obstacle, such as it is, can be overcome to some degree, but I would remind my hon. friend that apprenticeship is not a matter in which the dominion government has legislative powers. There is no question whatever on that score.

Mr. MASSEY: I admit that, but the government can do much to inspire industry to establish apprenticeships.

Mr. ROGERS: Precisely, and the government proposes to do just that.

Mr. MASSEY: It "proposes," but it has done nothing yet.

Mr. ROGERS: The provision is in the estimates for this year and, as I said at the beginning, there was no reason why the dominion government should have waited this long.

Miss MACPHAIL: I should like to make one or two suggestions to the Minister of Labour with regard to the subject touched upon by the hon. member for Temiscouata. I do think that in land settlement schemes of the future the greatest possible care should be taken to see that families are not settled on land so far north as to be beyond any connection with community life, and that they should not be settled on unproductive land or without sufficient equipment and farm animals to be self-sustaining. Particularly do I urge that when it is a fact that in the southern portions of all our provinces—and I am thinking particularly of Ontario—there are plenty of unoccupied farms with fairly good buildings, in the midst of communities where all the necessities for civilized living are available, together with the friendship and contacts with people that are necessary for happiness. I think a very great error has been made by pushing the land settlement into new areas, when in the older portions of the provinces there was land that could have been utilized.

There is one other thing I think we ought to do in relation to the unemployment of youth. I believe we should make it possible under some arrangement for the sons of farmers who want to farm and who are skilled farmers to begin on land of their own. I know there is a federal loan scheme at five

per cent, but that interest rate is too high. No young farmer to-day starting in with almost nothing—maybe a team of horses or a couple of cows from his parents—can get along on land on which he has to pay five per cent. It is hopeless from the beginning. If the federal government wants to take a great number of young men out of the cities or prevent them from going into the cities, or in some cases take them off the unemployment rolls, that is one way it can be done. I personally know, and every hon. member must know, of dozens of young farmers who want to farm; but it is no longer true that the father can retire to the market town near the farm and give the farm over to the son. Although he, his wife and children, may have worked hard for many years, the farmer cannot accumulate enough to retire from his farm and leave it to his son.

And so all through rural Ontario we find this problem of young farmers not being able to establish themselves; or the other problem of two families having to live under one roof, which in many cases is not roof enough. Much could be done, and I believe at not very great expense, by doing everything possible to settle farmers' sons on the land. They are the logical people to put on the land. It is hopeless putting people on land who do not know anything about it. Those who are skilled in the art of farming find it difficult enough in these days to make a living on the land, but it would be impossible for people who know nothing about farming, and still more so if they are put on land where even the most skilled could not exist.

I do not think the stupidity of the land settlement policy could be matched, it is a masterpiece. There have been terrific blunders. I am not blaming the minister or the government, but I do think it is time to call a halt. If we are going to have a land settlement policy, let us use people who are skilled, let us put them on land where they have a chance, and at a rate of interest which they can pay.

Mr. HEAPS: I had expected the minister to inform the committee in more detail.

Mr. ROGERS: I was going into another phase of the matter.

Mr. HEAPS: If the minister intends to speak, I shall take my seat.

Mr. ROGERS: I had already dealt with the figures of unemployment as they come to us from the bureau of statistics, and had indicated that there had been a very substantial improvement during the past year, following a marked improvement in the previous year.

[Miss Macphail.]

I should like to turn from that to the figures of unemployed on relief. It has often been said that improvement in employment has not been reflected as it ought to be in a reduction in the number on relief. I quite agree that there is not always the close approximation which one would expect to find between an improvement in employment and the reduction in the number of unemployed on relief. For this lack of approximation a number of reasons may be given. I believe there can be no doubt that when industries are increasing their staffs after a period of prolonged depression employers of labour are most likely to call back those who have been unemployed for perhaps only a short time, and whose savings have been sufficient to carry them through the crisis. It is also natural for employers faced with an opportunity of expanding operations to bring in a number of younger people. I believe there can be little doubt that a situation such as has developed in the past year in many of our industries is more favourable to younger people of marked physical vigour than to older members of the staffs who have been previously let out. At all events I believe we would find that a very considerable proportion of the increase in the number of those employed during the past year would be accounted for by those who, while unemployed, at the same time were not on relief.

I should also like to point out that total relief figures are most misleading when placed side by side with figures intended to represent an improvement in employment. For example, total relief figures in Canada include those in the drought areas who are receiving relief. I believe no hon. member will suggest that the condition in the drought areas is likely to respond to normal processes of economic recovery. That is to say, those receiving relief in the drought areas are receiving it because of climatic dislocation.

Mr. BENNETT: How many do you estimate there are now?

Mr. ROGERS: The number would be somewhere in the vicinity of 200,000. I say that subject to correction.

Mr. STIRLING: Are they included in this half million?

Mr. ROGERS: The half million does not include them. That figure is confined to industrial employment. I am now referring to what is sometimes called the total relief figure, and I wish simply to point out that in any total figure, actually there are elements which are intractable in that they do not respond to normal processes of economic recovery. I have indicated those in the

drought areas as composing one of the elements. I might have taken the dependents, those under sixteen years of age. No one would suggest that the number under sixteen years of age receiving relief would be reduced by an improvement in economic conditions, except in so far as the head of a family might be released from the relief rolls and be thus able to carry his dependents with him.

Mr. BENNETT: Quite.

Mr. ROGERS: There is still another intractable element in the total relief figures, namely the unemployables. I am not going to suggest that it is possible to indicate the exact percentage. We sought to have the municipalities indicate the number of unemployables in connection with the re-registration of the unemployed on relief, but when the figures came in there was a marked diversity. I believe there can be little doubt that in the case of some municipalities there was a natural surrender to the temptation to reduce the return on unemployables, on the assumption that if the number were put in at a larger figure it would represent a greater burden, which would fall primarily upon the municipalities in any ultimate readjustment of the financial burden of relief.

Mr. HEAPS: What would the minister call an unemployable?

Mr. ROGERS: I know of no definition of unemployability which is not based upon physical grounds. That is to say, I am quite sure that in sending us in a list of unemployables municipalities would send us a list of what were formerly known as charity cases, those who by reason of ill health or physical disability would be unable to engage in gainful occupation.

Mr. HEAPS: In checking over the figures, has the minister come across such instances in any marked degree?

Mr. ROGERS: What does strike one in going over the figures is the diversity in the number of unemployables given by the different municipalities. That is to say, there is no uniformity, which I suppose is to be expected. We have variations running from five per cent up to fifteen per cent, so I would be inclined to think that ten per cent would not be far out of line. However, there is no standardized definition of unemployability and no means of distinguishing the unemployable from those who are employable, other than the test of physical fitness. Perhaps my hon. friend has in mind the increase in unemployability on what might be termed psychic grounds.

Mr. BENNETT: There is an increase due to the use of machines and the unwillingness to employ men of advanced years. This is particularly so in some municipalities.

Mr. ROGERS: Undoubtedly in some industries there is an increasing tendency to discharge employees at an earlier age, but I cannot say whether the municipalities would take that as an indication of unemployability. However, I began by saying that the unemployable represent still another element in the total relief figures which could not be expected to respond immediately to an improvement in the economic conditions.

Having made these observations, I should like to place before the committee the latest available figures of relief totals, and particularly the improvement as indicated by percentages in the number of those on relief as compared with those on relief in February of the previous year. The families on relief, exclusive of the drought areas, in February, 1936, totalled 253,376. In February of this year this number had dropped to 209,978, or a decrease of seventeen per cent. The total numbers on relief, exclusive of the drought areas, decreased from 1,212,129 last year to 1,021,615 this year. In the drought areas in February, 1936, there were 28,908 families and a total number of 154,160; this year the numbers were 31,992 and 162,475 respectively.

Mr. STIRLING: There has been an increase in the total?

Mr. ROGERS: There has been an increase in the drought areas. When the drought areas are included, the percentage of decrease is fourteen per cent in respect of families, and over thirteen per cent in respect of the total numbers. That improvement is particularly gratifying at this time because in other years there has not been that improvement in the figures over February of the preceding year.

Mr. COLDWELL: Do the figures given by the minister include the number of men who have been placed under the farm placement plan?

Mr. ROGERS: I have not that information before me, and I should prefer to answer that question when the bill is before the house.

Mr. COLDWELL: That would make a material difference in the numbers on relief.

Mr. BENNETT: A very material difference.

Mr. HEAPS: And in the number of employed.

Mr. MacNICOL: Has the minister made allowance for the 10,023 Canadian workers who left this country in 1936 to return to work in the munitions plants of England?

Mr. ROGERS: Until my hon. friend has mentioned the figure, I was not aware of it.

Mr. BENNETT: The figures were given the other day in the papers, but I do not know how accurate they are.

Mr. ROGERS: I do not know how they could have been obtained except from the steamship companies.

Mr. MacNICOL: A return was tabled on February 23, in reply to a question asked by the hon. member for Rosetown-Biggar (Mr. Coldwell). The figure given in that return of those who arrived in Canada from England during 1936 was 2,197. A Canadian press dispatch dated London, March 27, refers to a return made in England stating that during 1936, 7,826 more people came to England from Canada than went to Canada from England. The two figures added together give 10,023 who went back to England from Canada.

Mr. ROGERS: But not necessarily for employment.

Mr. MacNICOL: In the part of Toronto from which I come certain things have happened which cause me great distress. Many machinists, tool makers and other experts in the iron and steel industry whom I know have returned to work in the munition plants of Sheffield, Manchester, and other British cities. They are the kind of men we want in this country.

Mr. BROOKS: I was very glad to hear the minister say that the number of employed in the maritime provinces had decreased, but I wonder whether the facts will bear out that statement. Last year the premier of New Brunswick announced that the province was going off relief and great credit was given to the provincial government for being the first in Canada to go off relief. Shortly after that announcement was made, the city council of Saint John stated that it was ridiculous for the premier to have made such a statement, as there were many people on relief in that community. The same was true of Moncton, Northumberland and many other municipalities in the province. I am satisfied that there is great need for unemployment relief in that province.

I know the dominion government did grant further aid to the province by way of public works, and I know also that the province has employed more men in its public works department and in its public garages, which is another form of relief. I should like to know from the minister just what the situation is in the province of New Brunswick, and whether he considers he has had adequate returns from that province to assist him in compiling his figures. I feel that he has not.

Mr. ROGERS: In answer to the particular question raised by the hon. member, I may say that last year the government of New Brunswick did indicate its desire to abandon direct relief. In presenting that policy to the dominion government there was also the suggestion that the grant in aid which had been received previously by the province might be used by the provincial government to supplement the proportion of the amount available for joint works in the province, in order that a greater degree of employment might be given to those who otherwise would be on direct relief. In view of that arrangement the province of New Brunswick did not, if my memory serves me, make a return to the registration of the unemployed on relief in the month of September. Subsequently, in order that our records might give a better indication of the situation over the entire dominion, some returns have been coming in. The position taken by New Brunswick, is as I understand it, that while occasional aid is now being given to certain municipalities, they still desire to maintain their policy of remaining off direct relief as a continuing system of granting public assistance.

Mr. WOODSWORTH: Will the minister state whether the young men in the prairie provinces who are placed on farms are included under those on relief?

Mr. ROGERS: That question was put to me by the hon. member for Rosetown-Biggar (Mr. Coldwell). I said that rather than give a possibly inaccurate statement I would secure the information and place it before the house in committee when the bill is introduced.

Mr. MacNEIL: Are those engaged on forestry projects included?

Mr. ROGERS: The same answer applies.

Mr. WOODSWORTH: Then the figures which the minister has given may not convey anything like a correct picture of the whole situation, because apparently New Brunswick is not included—

Mr. ROGERS: New Brunswick is included in those figures.

Mr. WOODSWORTH: —and we do not know whether or not the thousands who are on farms and forestry projects are included.

There is yet another class. Here in Ontario thousands of men are drifting about the country and not receiving regular relief. I do not see how they can be said to be registered. Some of them go to a cheap lodging house, such as a mission, and get one night's room and two meals; they then drift on to the next place, travelling sometimes by freight trains, sometimes on the roads, getting lifts when they can, often having to walk. When they reach the next town they get a bed, perhaps for one night, and two meals, and then pass on. Sometimes they beg on the streets for several days: some of them even beg in this building, and others on the streets nearby. They can be seen around the station house, remaining there until they are put out. They can be seen in some of the cheaper restaurants until they are ejected. Sometimes they commit crimes in order to be put in gaol over-night, that being the only way they can exist. They have no proper provision for sleeping, no way of keeping their clothing clean, no resources with which to provide the odds and ends which every man must have. Thousands of men exposed to conditions such as these are drifting about the country: they get no relief excepting in these very casual ways, by missions and other charitable institutions, through the goals, and by means of private donations.

It seems to me highly desirable that first of all some information should be secured with regard to this class of people. Some of us remember the almost impassioned plea which the minister made a year ago, that he could not do anything about this great problem until he had information. Well, it does not seem as though we have much more information than a year ago about large areas of this problem. Not only should we get information, but above all else we should be prepared to tackle the problem.

I shall not accuse the minister of trying to mislead the house—he rather complained that certain figures which had been mentioned were not quite accurate or fair—but I do suggest that he is falling very far short of giving us an adequate picture of the whole situation. He may not have the figures before him, but when the bill is presented we should have, if not statistics as accurate as could be provided by a census, at least a very much closer estimate than has been given to-night.

Mr. BROOKS: Just to clear up one point. I understood the minister to say that New Brunswick is reporting at the present time regularly as to its unemployed.

Mr. ROGERS: I say they were certainly included in the figures for February which I gave a moment ago.

Mr. BROOKS: Were those who were receiving assistance through grants in aid last year included as being on relief?

Mr. ROGERS: Those who were receiving public assistance from the municipalities and the province were normally included in the totals for direct relief in that province.

Mr. BROOKS: My understanding was that last year $173,000 was granted the province under the heading of "grants in aid of," and those who were receiving that were not included as on relief.

Mr. ROGERS: I think that must be incorrect.

Mr. BROOKS: The province was off relief as far as the record shows.

Mr. ROGERS: The grant in aid to the province of New Brunswick, as to other provinces, is paid in a monthly lump sum, and it is indicated that that monthly lump sum shall be used for the relief of necessitous persons within the province. Up to the time that the government of New Brunswick announced its intention to go off direct relief, that sum of money would have been distributed, together with an additional amount by the province concerned, to the municipalities where relief was being granted. After the province went off direct relief, the grant in aid was used to supplement the amount made available to New Brunswick for a joint works program. In other words, the province during those succeeding months believed that it would be possible to take heads of families off direct relief by giving them employment on public works. As it happened, the number was not large.

Mr. TAYLOR (Nanaimo): The minister does not appear to have attached any importance to the increasing mechanization of industry and to mechanical aids in clerical work in connection with commerce and industry.

Mr. ROGERS: I do attach importance to it.

Mr. TAYLOR: (Nanaimo): Has any effort been made to gather figures in connection with that development?

Mr. ROGERS: I have no figures which would indicate the degree to which unemployment has been due to the cause just mentioned. If I remember correctly, this question did receive some attention at the last session. I know of no way by which the dominion government can obtain that information.

Mr. BENNETT: Except through the census.

Mr. ROGERS: Except possibly through the census.

Mr. BENNETT: The census of 1931.

Mr. ROGERS: For that time, yes, but not for the intervening years. It would require a continuous census to present the problem in its changing phases.

Mr. DOUGLAS: The minister said that those on relief in New Brunswick were included in the figure he gave. Does that figure include those engaged in joint works programs, who really could not be said to be employed in industry but are only temporarily engaged on government work? Are they included in the figure, or does it represent only those who are absolutely dependent on the municipality?

Mr. ROGERS: The figures are compiled precisely in the same way as they have been in other years. The question was raised as to those on farms, particularly in western Canada under the farm employment plan, and I undertook to find out whether those engaged are included in the totals. Perhaps I ought to give the same undertaking with regard to those who have been employed on joint works programs. Naturally I am most anxious to get the greatest degree of accuracy possible in the figures. I am sure that all of us would be willing to recognize an improvement if it did occur, and my belief is that there has been an improvement. If any corrections are necessary I shall see that they are made.

Mr. DOUGLAS: We are not unwilling to recognize any improvement that has taken place.

Mr. ROGERS: As far as the joint works program is concerned very little can be done in New Brunswick in the winter months.

Mr. COLDWELL: But is it not a fact that in the fall the people were told that there would be no more relief forthcoming in the large cities? When I was in Saint John in November I saw a statement to that effect. That was official from the government.

Mr. STEWART: While we give every possible weight and favourable interpretation to the figures presented by the Minister of Labour it must be perfectly apparent to the committee that there is, after all, comparatively little improvement in the unemployment situation when we consider the very large number still in that category; and the next conclusion that must be drawn irresistibly from the minister's statement is that after a year and a half this government in dealing with this question is following practically the same lines that were followed by the former government and which were the subject of such severe and incessant criticism by those on the other side of the house. In view of the statements of the minister himself, I think we had a right to expect something different from a mere continuation of the methods of dealing with this problem which were so roundly condemned by hon. gentlemen opposite.

The minister did not refer to the closing of the relief camps. As I remember, when these camps were closed he intimated that some substitute for them would probably be found in the nature of training camps. Undoubtedly the closing of the camps resulted in scattering these homeless men from coast to coast. The minister in the security of his home in Ottawa perhaps does not know it, but I can tell him that if he lived in one of the towns he would find his doorbell being rung many times a day by men who pass up and down the streets begging, and who were formerly in camps where they were comfortable. I am sure they would be much better off there than they are at the present time.

One hon. member has referred to that unascertained number of people who are drifting up and down the country without employment. I am sure I am not astray when I say that the minister has not included those in the figures he has given the committee. We knew exactly how many men were in the camps; they were included in the figure for relief. Now they disappear.

Mr. ROGERS: Not necessarily.

Mr. STEWART: I contend that they do necessarily disappear because they are moving and you cannot count them.

Mr. ROGERS: I will deal with that later.

Mr. STEWART: There is no way of ascertaining from time to time how many there are because they are in one town to-day, another town to-morrow, and somewhere else the next day. As far as I know there is no way of ascertaining how many men are in that position, whereas formerly we knew exactly. The minister said there were approximately 500,000 on relief, as reported by the bureau of statistics.

Mr. ROGERS: No.

Mr. STEWART: I mean unemployed. That was the number in January, 1937. Down to what age do they go?

Mr. ROGERS: It is purely an estimate; no breakdown is possible.

Mr. STEWART: I am not asking for a breakdown. In making up these figures what is the minimum age taken—sixteen?

Mr. ROGERS: There is nothing to show that, but I shall be glad to find out.

Mr. BENNETT: The bureau of statistics did put a limit.

Mr. ROGERS: It is not indicated here.

Mr. STEWART: As I recall it, the basis of age which was taken in the calculation at all times was sixteen, and I presume it has been continued.

Mr. ROGERS: That was the age in the relief figures and I suppose it would be the same.

Mr. STEWART: Another criticism I would make, although I do not wish to be severe, is that we are getting this important legislation at this late date of the session. I suggest that it should have been one of the first things submitted to the house, and we should have had ample opportunity to discuss it in all its aspects. In years gone by there was most severe criticism because similar legislation was not brought down earlier in the session.

Another item to which the minister refers is a million dollars in the estimates for some training of youth, or for some scheme for finding employment for them. In view of what he has said, I take it that he would prefer not to outline anything in that connection but to leave it until the estimates are before the committee. I do not think it would be out of place, however, for him to give some outline of what is proposed to be done with that million dollars, because after all it is a part of that larger plan for the relief of unemployment and the improvement of conditions.

Mr. ROBICHAUD: As a representative from New Brunswick, representing in this house the very constituency represented by the premier in the local house, I think it is only right that I should say a few words. I think that my friend, Mr. Dysart, is to be commended for having had the moral courage to abolish relief when he did. He is a pioneer in this direction and has shown the other provinces the way, and to my mind the sooner the other provinces do likewise the better it will be for this country.

Relief is mostly a matter of psychology. As county secretary of my county for twenty-one years, I have had a lot to do these last few years with relief; in fact, I have had everything to do with relief, and with preparing statistics and so on. And may I say to the minister that the preparation of those statistics for his department last year was a terrific undertaking. In the first place it took a Philadelphia lawyer to understand what was wanted; then it needed about ten Philadelphia lawyers rolled into one to explain to about forty distributors of relief spread all over the county, some of whom could hardly read or write, what was needed. It was some job. But I believe we furnished very good statements.

Two years ago, in spite of relief contributions from both provincial and federal governments, the municipal council of my county, at my suggestion I might say, decided to abolish relief, which they did by resolution of council. And, gentlemen, it may surprise you, but during the months of January, February and March we were off relief. People who needed assistance were assisted by the overseers of the poor, as they used to be before there was any mention of relief. But in April we were practically forced on relief—by whom? By the premier of the province, who denounced us in the legislature because we did not have relief.

I have in mind a certain parish in my county which in January got along with $280, in February $283, and in March $215, and in April when we went back on relief it cost that parish $1,239. So when they were paying 100 per cent, they were in pocket. I had been advocating abolishing this dole for the last two years, and I think I can take some credit for the decision taken by my good friend the premier to abolish relief.

As I say, this relief question is mostly a matter of psychology. Last year we went back on relief. Of course, we were getting 75 per cent from the other government, and they thought it was a great thing; it was bringing money into the county. Last year we spent $33,000 against $6,000 for the year before, and if we had been on relief this year I am satisfied we would have spent another $33,000 or $35,000, and we are not going to spend one cent. Yesterday I got a letter from a councillor of one of the parishes that spent most on relief last year, and he said "Thank the good Lord we have no relief this year and there is no need of it. Everyone who wants to work has found work." To my mind the less we talk about relief and unemployment the better it will be for the country. I listened a little while ago to the hon. member for Greenwood (Mr. Massey) asking: what has the government done? And replying himself: the government has done nothing. It is by that kind

of talk that we put false hopes in the minds of young people or any unemployed people, and perpetuate this psychological condition in their minds.

Mr. MASSEY: Has the government given them any hope?

Mr. ROBICHAUD: The best way is the way that has been followed by this party since we came into power. Open up the channels of trade, increase prosperity, and unemployment will take care of itself.

Mr. HEAPS: The hon. member who has just taken his seat (Mr. Robichaud) said it would be better for this house if we did not discuss unemployment and relief questions. I wonder if he gave that advice to his party three or four years ago, and if he had done so, whether they would have accepted it. A few more speeches like that would be deplored, I am sure, by no one more than the Liberal party themselves. In the industrial centres, of which the hon. member evidently has no cognizance, the question of relief and unemployment is the biggest problem. There is no hon. member in any part of this house who can go back to his constituents and not deal with the problem of unemployment and relief. No question was more paramount in the last election campaign than that of unemployment and measures to end unemployment. But lo and behold, a member of the Liberal party now says we should not discuss unemployment and relief, and is applauded by members of his party. I am wondering whether they are so anxious to forget the problem. But let me say they will not forget it until it is finally and adequately dealt with by the government. When the minister himself informs this committee that some half million people are out of work, we are not supposed to discuss it; we are to forget all about it! This half million cannot forget about it. Probably many of them are not on relief. I know the unemployed, have known them well for years, and a great many of them even to this day are too proud to ask for relief. What they are anxious to obtain is work. I had hoped that the minister to-night would explain to the committee the policy of the government in attempting to provide employment for the half million who are out of work at the present time. So far the minister has not given the committee any inkling of the government's intention.

Mr. ROGERS: If you exclude public works and trade stimulation what is left?

[Mr. Robichaud.]

Mr. HEAPS: I do not exclude foreign trade; I referred to the increase in foreign trade, but I said it was not a solution of the unemployment problem. And I go further. I say that public works is not a solution of the unemployment problem. See what has happened in the United States during the past three or four years; they have pumped, not millions, but billions upon billions into the economic structure of the country, and in spite of that they are still faced with the problem of unemployment. Then there is the vast amount of public works undertaken in the United States. But in spite of that vast expenditure, and the amount that has been lent to private industry, they still have a vast army of unemployed there.

Nobody objects to public works and the expansion of trade. We are all anxious for it; I am most anxious to see the expansion of trade between this country and other parts of the world, and I am willing to vote money for public improvements to any amount that the government cares to propose in this chamber; but I contend that in themselves these are not solutions of the problem of unemployment. The minister may bring down recommendations for the youth of this country to be taught certain trades; but, speaking in a general way, what is the use of teaching trades to youth when in a year or two the trade may no longer exist? A vast amount of the work to be done is not skilled work. You can go into factories and find that perhaps 80 or 90 per cent of the men employed are not doing skilled work. Most of the work to-day is unskilled or semi-skilled, work which can be taught in a couple of hours. One goes into a motor factory and sees men working at the conveyors; they perform a few evolutions with their hands, in an hour or two they are expected to become skilled in that kind of work.

Then if you go into a railway shop you will find that the great majority of the men employed there are unskilled mechanics. The same thing applies to other branches of industry, which have become so specialized that to a large extent the skilled mechanic is a thing of the past. In connection with the trade at which I formerly worked, a number of years ago I was told that the trade had practically disappeared; that it had become specialized, and numbers of boys were engaged in particular branches of the trade.

So if the government hope to solve the youth problem of this country by having young people become apprentices in certain lines of industry I say they are doomed to disappointment, and in years to come they will find they

have only aggravated the unemployment situation without coming any closer to a solution of it. The solution lies much deeper, and will not be found in merely training young people in particular trades or even in expanding our foreign trade, and least of all by providing public works in this country.

To-day, Mr. Chairman, it is not a question of providing employment, which, useful though it may be, is perhaps a thing of the past. We can produce to-day in such abundance that by putting men to work for five or six hours a day we can make available more than enough goods to satisfy all our requirements. Now we must give the vast masses of our people an opportunity to enjoy the benefits of that production. The question in my mind, and the question I direct to the government, is this: What are we doing in order to see that the people of this country, both employed and unemployed, may reap the benefits of that which is produced? In that direction the government are doing nothing; they have not even started to tackle the problem. Year in and year out we in this corner of the house have suggested that at least we should increase wages, thereby increasing purchasing power among the people, and decrease the hours of work so that great numbers of those unemployed may be absorbed in industry. We are always met with the reply: This is not a question that comes under federal jurisdiction; it is a matter of provincial jurisdiction. We always meet the obstacle of jurisdiction as between the federal and provincial government. I remember when the Minister of Labour spoke in this house a little over a year ago on the question with which he is dealing to-night. At that time he said he wanted to take a long-range view of this problem and deal with it from that aspect; but to-night we are not getting a long-range view. We must infer from what the minister has said that the government are merely going to continue with the policy—or lack of policy—they have pursued for the last couple of years.

I submit, Mr. Chairman, that the policies which have been pursued by various governments since unemployment became a factor in this country have not in any way improved or even alleviated the unemployment situation except, may I say, as far as the granting of relief is concerned. I dislike seeing able-bodied men, good Canadian citizens, compelled to be the recipients of public relief year in and year out. It saps their vitality; it destroys the manhood and womanhood of these good Canadian people. Yet in what we have been told to-night what hope is there for that vast army of unemployed that we have in Canada? Earlier in the evening I mentioned a figure of 400,000 people out of work. Immediately after I had spoken, the Minister of Labour rose in his place and said people were using figures a little too glibly and that they were making wrong comparisons. I do not know why he should have mentioned that when I was so conservative in my estimate that I was a hundred thousand below the estimate the minister himself gave as to the number of those actually out of work.

Mr. ROGERS: I had no reference to my hon. friend at all.

Mr. HEAPS: I am very glad to hear that. Evidently I made a miscalculation when I quoted four hundred thousand instead of five hundred thousand. The exact figure, of course, we do not know. It would take a good deal of calculation and research work to ascertain the actual number out of work, but I had hoped by this time our employment commission might have been able to give us something concrete in regard to the number of persons out of work in Canada. Up to the present, however, we have not had even that.

Here is the position in which I find myself, together with dozens of other members in all parts of this chamber. Soon we will be going back to our constituents; at least it is the hope of the government that the session will be concluded within a short time and that our labours will be ended for this year. Members will be going back to their constituencies. My hon. friend from Fort William, for example, will be going back to his home city. I wonder what he will tell his constituents when they ask what this government has done to deal with the unemployment problem. The hon. member applauded a moment ago when the hon. gentleman who preceded me said we should not discuss unemployment relief in this chamber. I wonder if the hon. member for Fort William will tell his constituents that he is in favour of a hush-hush policy in dealing with the problem of relief and unemployment.

When I go back to my constituents I have to tell them something of what has happened in this chamber, and something with regard to the policy of parliament apart altogether from the policy of the government. They come to me and ask what parliament has to offer to the men who are out of work. What shall I say? What can I tell them? All I can say is that the government, or parliament, is going to continue along the lines that have been followed for the past number of years; relief will be granted, and it is hoped that something will turn up that will in some way relieve the difficulty.

Personally I would like to see the government come forward with a more concrete policy than so far has been suggested to the house. The granting of relief and the construction of public works do not offer a solution to the problem, and I believe the minister knows that as well as I do. Must we trust that something will turn up—just trust to luck that conditions will improve and that the improvement in economic conditions will absorb more people into industry? I think it has been established beyond doubt that even if we could get back to the figures of 1929, which were the highest in the history of Canada, there still would be a vast army of unemployed, almost as great as the army we have out of work at the present time. If such is the case, Mr. Chairman, it proves beyond the shadow of a doubt that far more radical treatment is necessary in connection with the unemployment than anything so far undertaken by the government.

I would plead with the government to undertake such measures as will meet the situation. If I thought for a moment that the establishment of closer trade relations with other nations of the world would be a solution of the problem I would hold up both my hands and give thanks to the government for what they have been able to do along this line. But in spite of what has been done and in spite of what the government may attempt along these lines, we reach a certain stage beyond which we cannot go, and then we find ourselves still as badly off as we are to-day. I think it is the duty not merely of this government but of parliament as a whole to face this situation.

As I said before, practically half the term of this parliament is over. We expect to prorogue in the near future. When we meet again the government will have been in power for more than half the usual term of a government. What will happen? Probably we will have the same unemployment situation to face, the same number of men knocking at our doors asking for help. The situation aggravates itself from the standpoint of those men who have been out of work for one, two or three years. As the Minister of Labour suggested earlier in the discussion, they become unemployable; and then the difficulty is to rehabilitate them and help them to become useful citizens. The greatest waste we have in Canada to-day is the men and women who are out of work. I know the minister's heart is in his work, but I am not appealing so much to his heart as to his head, because I believe he has as good a head as any hon. member. I feel that if he would apply his talents, his energy, and his knowledge of economics to the problem of dealing with unemployment he could give us at least some hope that if not at this session, then at a later one, there will be some radical, remedial legislation which will give hopes to the vast numbers now out of work in Canada.

Mr. McIVOR: Mr. Chairman, the hon. member for Winnipeg North has asked if I an in favour of a hush-hush policy. I certainly am not, and I do not believe the Minister of Labour is practising a hush-hush policy. The hon. member has asked how I could go back to Fort William. My reply to him is that our problem is not that of permanent unemployment, but rather occasional. We have seasonal unemployment when the men come off the boats, but I can say to the house that we were in a far better position last fall than ever before.

I am not in favour of relief work. I think it is demeaning to manhood to put a man on relief, and I am hoping that our Department of Labour may bring about work with wages, so that a man can give an honest day's work for an honest day's pay. My position is that we should not have relief in any form, and if any part of the dominion can show us that it can do without relief, then let it lead the way.

Mr. BLACKMORE: Mr. Chairman, my chief concern is that we will not delude ourselves into too great a sense of security. I have said very little by way of condemnation, censure or criticism of the government. I am inclined to think that under the present system, according to orthodox principles of finance it has done practically everything that can be done. But at the same time I am decidedly alarmed by the rumours I hear to the effect that we are going to let this matter take care of itself, that we are going to cut down relief, and all that sort of thing.

I do not know whether I come in contact with more suffering men than do other people, but the contacts I make are certainly anything but reassuring. A little experience I had this summer might be worth mentioning. I had not intended to tell this to the house, but in the circumstances I believe I should. A minister in one of our western towns wanted to go to England, and instead of going in the regular way he decided at first hand to try the conditions of the unemployed. With that in mind he dressed himself in overalls and a working shirt and set out to cross Canada just as he would have done had he really been out of employment. I will not tell all the details the man told me, because I believe it would not be in the public interest to do so, but I will say that since hearing his

story I have been bitterly ashamed that I have had to admit conditions such as those he described are permitted anywhere under a British flag. The treatment he received at the hands of various people was, to say the least, shameful.

Men simply cannot get work. I believe it would be a good thing if, before talking so glibly about conditions, about two-thirds of the hon. members of the house would simply follow that man's example. Let hon. members go where they are not known, forget their fine positions and their salaries, and see how long they can carry on hunting for these jobs they know so much about. Let them approach relief officials and experience some of the things concerning which strong men have wept in my room in this building. So long as such conditions exist in a city right under the eaves of this building I maintain that surely we are not speaking in the public interest when we talk about cutting down relief. We are going about the problem in the wrong way entirely.

I hesitate to say anything by way of condemnation. If I cannot take time enough to offer a solution, I do not say anything. It is very easy for us to tell when a line is crooked; our task is to tell how to make it straight. That is what everybody wants to know. But while we are learning to make it straight, let us not neglect to leave all the remedies which might be necessary for those who have to travel that line.

I do not know whether or not the minister has attended to the matter I have in mind, but I would suggest that first we ought to have a means whereby every man who wants a job and cannot get it may step into one of hundreds of depots throughout the dominion and register the fact that he is without a job. He should not be treated unkindly because he does that. He could state that he wants a job; he could tell the kind of job he would be willing to do, and the amount of money he would be willing to take. If we did that, I believe we would begin to find out the number of people who really want work.

Next we ought to find out the number of jobs available. Twenty years ago a man could step into any community, go to the employment bureau and find work. He could step into the blacksmith shop of any community and make it known that he wanted a job. The news would spread, and before very long he would receive work. That condition existed ten years ago, but it does not exist to-day. I have personally gone to two or three employment bureaus; the last thing they want to see is anybody looking for a job.

Mr. ROGERS: Surely that cannot be true.

Mr. BLACKMORE: It has been, wherever I have been. In the little experience I have had I have not yet found one single employment bureau which was ready to take a man on. The first advertisement I have seen in the papers since the depression asking for labour is the recent one having reference to the farmers of Ontario.

Mr. ROGERS: Would the hon. member give me the name of an employment office where, when one applied for a job, there was any lack of effort on the part of the head of the employment office to place the applicant? Although we do not effectively control it, we are contributing to the employment service, and if there are complaints of that kind I want to know about them.

Mr. BLACKMORE: I am sorry the minister did not get my meaning. What I said was not that they were not willing to do all they could, but the last person they wanted to see was someone wanting a job. In other words, it is not that they were not willing to do all within their power to get a man a job. The only thing they can say is: We just cannot do anything for you at all.

Mr. ROGERS: That is a better explanation.

Mr. BLACKMORE: That is exactly what I said before. I said the last thing they wanted to see was a man looking for a job. I have not found discourtesy in employment bureaux, but men have shrugged their shoulders and by other means indicated that it was just utterly hopeless. That is the pathetic condition. In almost every mail, I receive two, three or four letters from people who are pleading for something to do. I have to write back and say I can find nothing for them to do. If there are jobs to be had in this country, it seems to me we ought to know about them. Surely they could be advertised in the press in order that the unemployed would know where they are.

A man who comes from one of the mining areas told me not long ago that one of the most pathetic things he had to face was the number of men who had hitch-hiked, walked and suffered other deprivations in order to get into that area to try to find a job. But there were no jobs and these men were hungry, tired, discouraged, foot-sore and cold. He told me that every day at least ten or fifteen came to his door pleading for something to eat. They told him they were ready to do anything. While there may be no use railing against these things, I submit that while they exist—I know they do exist in my province and in my constituency—it is simply shameful for us who are well fed and are receiving

considerable incomes to rise in this house and speak disparagingly of the people in need of relief.

The first thing to be done is to register the transients; and then we should know what jobs there are, where they are, and how to get to them. When that is done we will be getting somewhere. A young man came to my room the other day in complete despair. He was here in the city last year and I gave him some advice as well as a little money. He came in to see me again and told me how anxious he was to go to work. He asked me to advance him enough money to enable him to go to a certain store in the city and buy a supply of needles, pencils, pins and other trinkets which he could sell and make his way. There are a number of people doing this same thing in the different cities. While they are "getting by" they cannot be said to be employed. They are not employed, according to my definition of the word. You cannot imagine a young man who is doing that sort of thing establishing a home. You go into the homes of this city and people will tell you how they have bought pins, needles, pencils, shoe-laces and such things until they cannot buy any more. This is simply another form of relief. It is another kind of begging.

I do not know the experience of other hon. members of this committee, but I have found I cannot walk six blocks in this city where the labouring men are without being asked for the price of a meal. As long as this sort of thing exists in Canada, it is no time to talk of cutting down relief or closing it off entirely. I refrained from taking part in this debate largely because of my anxiety to see this measure go through, but after what had been said I felt it was my business to say something. There is a distinct alarm in the different municipalities in my province over the proposed revision in relief. I do not think the government should go forward with this idea. If conditions are picking up, let us prove it by advertising where jobs can be had.

There must be tens of thousands of people in Canada in the same position in which I find myself. I have five young people in my home who are ready to go to work and I cannot even buy jobs for them, much less find them. I have put them through high school and I could put them through normal school, through technical school, or even through university; but still there would be no work. What is the use of talking about the improvement in conditions when there are tens of thousands of young people in this position? Their parents would not admit or make known that they were unemployed, but the fact is they have no jobs. If conditions like this continue we will have no young people in the future. They simply will not be born. These young people will not marry and we will have a wastage, instead of splendid men and women for our future generations.

This is perhaps the greatest calamity which has faced us as a British race. I feel very much concerned about it, and I am sure others feel likewise. I hesitate to say anything about this to the Minister of Labour (Mr. Rogers) and the Prime Minister (Mr. Mackenzie King), because I feel they are worried just as much as I. The reason I speak now is to submit that we should not delude ourselves into thinking that all is well when all is not well.

Mr. ROBICHAUD: Mr. Chairman, the hon. member referred to the number of men selling shoelaces. The other day I bought a pair of shoelaces from a man and I had paid him my money before I noticed that his breath was strong enough to knock me down. The hon. member (Mr. Blackmore) says that he cannot go down the street without being stopped for the price of a meal. Apparently he is too easy. I had the same experience when I first came here last year, but I finally made up my mind that it was a racket. I realized that the word was being passed from mouth to mouth that I was good for a quarter any day. Finally I told one man that I was getting sick and tired of it, and I have not been bothered since.

Mr. BROOKS: I do not wish to prolong the discussion, but I think I should not let the statement of the hon. member for Kent (Mr. Robichaud) with respect to relief in the province of New Brunswick pass unchallenged. He has said that this is largely a matter of psychology. The Premier of New Brunswick, the Hon. Mr. Dysart, represents the same constituency in the provincial house as the hon. member represents in this house. Last year I noted that the constituency of Kent was a literal hive of industry due to the provincial and dominion moneys being spent in that district. You could hardly get along the roads because of the numbers of men being employed. I am not surprised that the hon. member comes to the assistance of the premier, as most of the money was spent in his constituency. Unfortunately the other parts of the province did not receive the same consideration. I may say that the opinion held by the hon. member (Mr. Robichaud) with reference to the cutting-off of relief in New Brunswick is not the general opinion throughout that province. I should like to quote an article which appeared in the press about that time. It states:

Relief Crisis Approaches in Cities of N.B.
Municipalities Feel Pinch of Carrying Relief Burden

Statements made at Montreal by Premier Dysart, that New Brunswick is the first province to "go off relief," are termed "ridiculous" by Councillor George E. Barbour of Saint John. Councillor Barbour told the city council he did not understand how the Premier could make such a claim in the face of figures showing the amount which relief is still costing New Brunswick municipalities, even though the province has not been contributing for the last few months.

He goes on to say:

Government contribution toward relief in New Brunswick terminated in the early fall. Provincial road development projects were intensified at that tme with the view of absorbing the unemployed. This program did take care of quite a number of jobless—550 in the Saint John area, for instance—but hundreds were still left to be cared for. The men on the roads received $2 a day and were unable to put anything aside for the winter. Now the road jobs have ended.

Councillor James A. Whitebone, of Saint John, in making a statement at that time said:

"Something has to be done and done quickly." He predicts that further delay in facing the issue squarely will lead to "a very serious situation."

I would counsel the hon. member (Mr. Robichaud) to go to the fishermen along his own coast and ask them if there is no need for relief, or let him inquire of the fishermen on the southern coast of New Brunswick, or up in Gloucester county along the Caraquet coast. In our own province, very much to our sorrow, there is yet need for relief. My purpose in rising is to say that New Brunswick went off relief when it was no more justified in doing so than any other part of Canada would have been, and the credit which the premier of that province tried to take to himself on that account is not deserved either by him or his government.

Mr. RYAN: A short time ago I listened to a remark by the hon. member for Rosetown-Biggar (Mr. Coldwell). I understood him to say that in Saint John last fall the announcement was made that so far as the cities were concerned the government would have no more to do with the people.

Mr. COLDWELL: No.

Mr. RYAN: If I misunderstood the hon. member I shall be very glad to withdraw my remark, but that is the impression I got.

Mr. COLDWELL: If I might just explain: I said that while I was in Saint John I understood an announcement was made that there would be no more relief in New Brunswick. That is what I said; at least that is what I intended to say.

Mr. RYAN: An announcement along that line was made; that is, the premier announced the relief offices would be closed. He did not, however, intend to intimate that assistance would not be given to those who were in the category of relief recipients, for following that announcement a works program or an arrangement was instituted to take care of those who had been on the relief rolls. For instance, considerable work was done in the way of preparing roads for paving, leading out of Saint John.

As regards what has been said by the hon. member for Royal (Mr. Brooks) in connection with press reports as to public statements made by members of the city council, I think the gentlemen referred to wanted to give the province the idea, and correctly so, that the situation so far as unemployment was concerned was still serious in the municipality of Saint John. I should like to say, in fairness to those who are unemployed in my constituency, and particularly in the city and county of Saint John, that among them are very many deserving persons who are anxious for work and there is a continued need of employment. And I would impress that upon the Minister of Labour (Mr. Rogers).

If any further grants in aid are to be given I hope that the provision for New Brunswick will not be reduced to any extent by reason of statements that have been made that the province has gone off relief. The policy which the provincial government has adopted is not to give direct relief but to assist by works projects such as road building and the like. The need for assistance remains, particularly in my own constituency. I cannot speak for the county of Kent, for the hon. member who represents that constituency is familiar with the situation there. But I know that in Saint John we have very few slackers. Those who are out of employment are only too glad to go to work if useful work can be given them.

When the government adopted the policy of ceasing to provide direct relief, the municipality ran into a special difficulty, in that a large number of what are called borderline cases, that is men who had not been listed on relief rolls but who from pride or some other reason had refrained from giving in their names, wished to participate in these works projects but found it difficult to get employment because they had not registered. This caused some trouble in the municipalities, and the result in Saint John was that the municipality had to take care of very many who were still unable to find work. So I repeat that, in fairness to those who are out of employment to-day in the constituency of

St. John-Albert the Minister of Labour might well take these circumstances into consideration when the time comes to give additional grants, because I can assure him that there is still much need and that the people are most deserving.

Mr. STIRLING: Could the minister give the committee information with regard to the reopening of the relief camps, and in which provinces they have been reopened?

Mr. ROGERS: I would hesitate to accept that version of what has happened. In certain provinces where supplementary schemes have been in operation to provide for single homeless unemployed there has been an arrangement whereby some of the old camps were made available. But the conditions are quite different. There is no connection whatsoever with the Department of National Defence. They are conducted wholly as provincial construction camps.

Mr. STIRLING: I quite understand that.

Mr. ROGERS: The camps are no different in that respect from any other highway camps that have been operating during the period. Men are either receiving regular wages, as in some camps, or payment on a deferred pay basis, which applies in the forestry camps in British Columbia. When the bill is in committee or the estimates are before the house I shall be glad to furnish detailed information on that point.

Mr. STIRLING: I am not suggesting that the dominion has played its part in reopening any of the camps, but my information is that in British Columbia, on the highway camps that were the relief camps under the dominion government, relief projects have been reopened.

Mr. ROGERS: That is so.

Mr. STIRLING: What I want to know is, how is the cost of these camps defrayed by the provinces? Does the cost come entirely from provincial funds or does it come out of money paid by the dominion government to the provinces for certain purposes?

Mr. ROGERS: In the case of some of the provinces, application was made for the use of some of these camps, and where they were in remote places and could only be used for that purpose, arrangements were made to transfer these camps to the provinces. As to the precise financial arrangements, I shall be glad to take note of the question and give my hon. friend that information.

Mr. STIRLING: Perhaps the minister would. I should like to have it.

[Mr. Ryan.]

Mr. CHURCH: I should like to say a word or two about the way this relief policy has been carried out. There have been a great many complaints. Under the act the minister is empowered to make agreements with the provinces—not with municipalities. But a large part of the unemployment in this country is not in the provinces as such; it is to be found in the larger municipalities; they are the ones that are suffering and they have got nothing.

Last year there was a long debate when the relief act was going through committee. It provides that within fifteen days after the opening of parliament the minister shall lay on the table the agreements which are made with the provinces. What do these agreements show? The sum of $2,750,000 was handed to the government of Quebec and was distributed in various ways. For example, Three Rivers got a court house, public buildings and certain municipal institutions. The money was parcelled out in that province. I am not objecting to that; but when it comes to Ontario, where unemployment is acute, what do we find?

Last September following a meeting between the Ontario government and the ministry here, an agreement was drawn up. I got a return to an order of the house replying to certain questions I asked, and it shows that not one cent of the $2,700,000 that was given to the province went to the municipalities. Instead, roads were constructed, uneconomic roads which no one could by the widest stretch of imagination regard as coming properly under the act.

The city of Toronto sent a delegation to wait on the Minister of Justice, who was acting Prime Minister, and I must say he received them with great courtesy, but he said they would have to wait until his leader came back. That deputation had a program for playgrounds and other undertakings that would have provided employment. But what happened? They were told that they would have to go and see Mr. Purvis, and when they called on him he referred them to the provincial government, and by that time the unemployed had already been taken care of under the city's budget. As a past president of the association of Canadian municipalities I contended then, as I contend to-night, that there should be equality of treatment in these grants. The larger municipalities across Canada, from Halifax right through to Victoria and Vancouver, should receive grants from this parliament, because the municipality is the dumping ground for the unemployed.

Last week there was a meeting of the mayors and there was general complaint about the

difficulties encountered under the act of last year. Talk about people taking the coppers off a dead man's eyes! The provinces will take all the revenue they can get and leave none for the municipalities, because there is too much politics in the distribution of funds. If there is one thing that should be avoided in the effort to relieve unemployment it is politics. Let us keep the whole thing clear of politics. In my opinion the money should be distributed among the municipalities according to population, instead of leaving the provinces to take it all. They even take income tax, though it is true that they give a large part of it back.

One thing I object to most vigorously is the use of the money handed to the province for the construction of roads which at the present time are altogether uneconomic. During the by-election men were working on roads in East Hastings and some in Norfolk and Elgin. The construction of these roads does not help city unemployment; it simply represents a direct cash subsidy to the oil and motor industries. Here we have railways building their own roadways and at the same time we are subsidizing, through the construction of these uneconomic roads, the oil and motor industries to compete against the railways.

Under the former government the agreements worked satisfactorily, though the difficulties were ten times greater. A mayor in Toronto could telephone down to Ottawa and get some relief, a third or a half, at any rate something to go on. To-day we find $17,000 being spent for dredging in Toronto, and we have a lot of revolving doors in the post office. But what is being done in connection with the level crossings? The matter was discussed the other night by the hon. member for Danforth (Mr. Harris) and the hon. member for Greenwood (Mr. Massey). To-day in Toronto I saw many places that are simply a dumping ground, and last summer, from the train, I saw similar places in different parts of Canada.

I am not here to criticize the minister, but I am sorry that last session he did not incorporate in the act a clause giving him power, in making these agreements, to deal with the municipalities, leaving politics out of it. There should be a clause in the act providing for agreements with Montreal, Winnipeg, Regina, Vancouver and the larger municipalities, instead of compelling them to go to some bankrupt province which, if the money is given over to it, will make deductions for overhead and other expenses. I have looked over the legislation in the United States and I find that there the money is given to the municipalities on a definite standard plan. This old method of making agreements with the provinces has been weighed in the balance and found wanting.

The present plan of building roads ought to be discontinued. Uneconomic roads should not be built at all in these days, because the money could be used to better advantage if it were given to the cities themselves for municipal institutions. That is what is being done in Italy; they are putting up municipal institutions to meet the requirements of the next forty years, schools, breakwaters, and other works that make employment. Ninety per cent of the money should be spent in wages, but that is not done when the money is handed to the provinces. The municipalities can run their business as well as the provinces, indeed a lot better; and if they had had the same help from the banks that the provinces have had they would not be in difficulties to-day, at any rate, not to be same extent.

If this money is handed over to the province of Ontario for relief work the larger cities will get nothing; it will be spent on roads. Hamilton, Brockville and other towns are badly in need of funds. The municipalities have been starved in the last six years, with the result that they can scarcely put a coat of paint on their buildings. The boards of works in the cities and towns of Ontario are starved for urgent public works as a result. The school board has no money for new schools. There is no money for normal expansion to take care of school children. The result is they are housed in portable buildings and that kind of thing. The same is true of municipal institutions generally. The minister has tried the provincial system; why not make it fifty-fifty and this year try to make some agreement with the larger cities and towns? He will get better value for the money, more will be spent in wages, and it will be better in every way than the haphazard system by which one province gets a large sum and others, which do not vote right, get none. If relief is going to be handled in that way we shall have unemployment forever.

Mr. MASSEY: Some time ago in answer to the hon. member for Winnipeg North (Mr. Heaps) the minister referred to what he considered to be some reasons why those who are on relief fail to find reemployment. It seems to me there is a further point in that connection which must not be overlooked. These men who have gone on relief did so perhaps only after a protracted period of endeavouring to make both ends meet without suffering the humiliation of relief, and the result in many cases has been that not only they but their families have suffered stark want and deprivation.

The physical condition of these men must be remembered. Many men who were capable of doing a hard day's work now find themselves completely out of condition. As one said to me the other day; "I am absolutely soft. I got a job, was tickled to death to get it, but after working three days I was absolutely done, could not hold it, could not keep the pace. It was something I could have handled easily a couple of years ago." The minister in his consideration of these problems should, I think, give some consideration to the question of physical reestablishment of those who have been on relief for long periods and have suffered what that entails.

While I am on my feet may I ask whether the reports of the youth committee are to be tabled, or is the house otherwise to be made acquainted with their contents? Perhaps I am premature in asking that question in view of the fact that we have not seen the bill, but I am extraordinarily interested, as I know other hon. members are, to learn of the findings of the youth committee.

Mr. ROGERS: It is not the intention to table the reports, inasmuch as the reports of the youth employment committee were made to the National Employment Commission. The government received recommendations from the National Employment Commission based upon the reports. I may say that the report of the youth employment committee was of such a character as to indicate a real need for some assistance along the lines that were discussed a few minutes ago; and it is upon the basis of that recommendation that the amount is provided in the special supplementary estimate.

Resolution reported, read the second time and concurred in. Mr. Rogers thereupon moved for leave to introduce Bill No. 80, to assist in the alleviation of unemployment and agricultural distress.

Motion agreed to and bill read the first time.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR EXPENDITURE, INDEBTEDNESS AND THE REFUNDING OF MATURING OBLIGATIONS

The house in committee on Bill No. 73, to authorize the provision of moneys to meet certain expenditures made and indebtedness incurred by the Canadian National Railways during the calendar year 1937, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railways—Mr. Dunning—Mr. Sanderson in the chair.

Mr. DUNNING: This bill was referred by the house, following second reading, to the special committee which deals with Canadian National Railway matters, and has been favourably reported on by that committee. It is similar in its terms to bills previously passed each year dealing with the financing for the year of the Canadian National Railways.

Section 1 agreed to.

On section 2—Power to issue securities for refunding and capital expenditures.

Mr. BENNETT: It might be well if the minister could place upon Hansard, so that it will be there as a record, how these sums are made up, as the proceedings of the special committee are not permanently on record.

Mr. DUNNING: The sums in subsection 2 (b)?

Mr. BENNETT: Yes. If that could be done there would be upon Hansard a short concise record for future reference.

Mr. DUNNING: Referring to paragraph (a) for retirement of maturing capital obligations, miscellaneous maturing or matured notes and other obligations, secured or unsecured, and payment of sinking funds, the total provided is $7,114,000.

Under (b) the railway's budget comes into the section:

Additions and betterments including co-ordinations and acquisition of real or personal property, not exceeding $23,607,700.

These amounts were outlined in full detail in the company's budget which was submitted to the house.

Mr. BENNETT: But it is not on record in Hansard, and anyone who wants to get it cannot do so. Can a short statement of that be put on Hansard?

Mr. DUNNING: Of how the figures are made up?

Mr. BENNETT: Yes, a very short and simple statement.

Mr. HOWE: I am sorry to say I have not the budget here. It was all discussed in committee and fully passed there.

Mr. BENNETT: I know, but the difficulty is that frequently in this house, two or three years hence, someone discussing this matter is unable to point to the figures making up that budget because they are the record of a special committee and not on Hansard. I intended to speak to the minister about it before. I think it is desirable, personally, having regard to my own experience in matters of this kind.

Mr. DUNNING: I hardly expected to reach this to-night, so did not advise the Minister of Transport to bring his budget with him. The summary contained in paragraph (b) is only partially what my right hon. friend desires?

Mr. BENNETT: It does not touch it at all; it is simply the aggregate.

Mr. DUNNING: Yes. Paragraph (b) reads:

(b) Additions and betterments including co-ordinations and acquisition of real or personal property, not exceeding $23,607,700, estimated as follows:

General additions and betterments.	$11,289,999
Less: Equipment retirements. ..	7,389,999
	$ 3,900,000
Acquisition of securities..	561,000
New equipment purchases..	19,396,700
	$23,857,700
Less: Available from working capital..	250,000
	$23,607,700

If it is desired that a more complete statement from the railway budget should be placed upon Hansard I will ask that section 2 stand until to-morrow. Unfortunately the minister cannot get the information at this late hour of the evening.

Mr. BENNETT: I see no reason why the bill should not be proceeded with and perhaps on third reading the Minister of Transport could place a short statement upon Hansard. I think it very desirable to have that information. Frequently when I have had to turn back to some page of Hansard I have found only a summary which did not give the desired details. What is given here, of course, is the aggregate, and what I should like is a little more detailed statement. Then three years from now the Minister of Transport, when he asks a question from this side of the house, will be able to turn up Hansard and obtain the information.

Mr. HOWE: I shall be very glad to prepare such a statement.

Mr. DUNNING: And we will leave third reading until to-morrow.

Section agreed to.

Sections 3 to 5 inclusive agreed to.

On section 6—Form and terms of guarantee.

Mr. BENNETT: This raises a question which I think is of some importance, and which was just touched upon last year. There should be some understanding as to the extent to which guaranteed securities, as distinguished from direct obligations of the country, are to be issued in connection with the enterprise. Since deficits now are taken care of by direct appropriations and not by guaranteed securities, I submit to the minister that there should be some rule as to the extent to which guaranteed securities may be issued from year to year as against the securities we issue for the purposes of the railway.

Some people contend that we should not issue guaranteed securities any longer in connection with any of these matters except to refund or for the purposes of equipment, that capital expenditures in their entirety should be found by the country. Equipment securities, of course, being properly retired out of the operating revenues of the company—though it will be noted that in this instance that is not entirely the case—would be a proper charge against guaranteed securities, and the same would apply with respect to ordinary operations the cost of which is repayable out of the operating revenues of the enterprise. But it is felt that other sums should be found by the country itself, and that there should be some established relation between the two. I only mention this to the minister because I think one of the financial journals has been directing some attention to the fact that we are accumulating guaranteed securities very rapidly, and at the same time the further question of a limitation upon our own direct liabilities bears no relation to the extent to which we are issuing guaranteed securities.

Mr. DUNNING: There is, of course, a point in what my right hon. friend has said that goes very deeply. My right hon. friend will agree at once, I think, that the issuance of guaranteed securities against definite capital betterments is unquestionably a good practice, and that if we were at a stage where this system could apply proper depreciation, that of itself would very largely answer the question.

Mr. BENNETT: It would.

Mr. DUNNING: I think we, like my right hon. friend, are still a little hopeful of the future. At any rate, I could not indicate this evening where the line should be drawn, but I appreciate the force of the point mentioned by the right hon. gentleman.

Section agreed to.

Section 7 agreed to.

Preamble agreed to.

The CHAIRMAN: Shall I report the bill?

Mr. BENNETT: Third reading can be given to-night.

Mr. DUNNING: The minister can put on record a short statement when his estimates are under consideration.

Mr. BENNETT: Quite so, or at any other time.

Bill reported, read the third time and passed.

On motion of Mr. Mackenzie King the house adjourned at 10.58 p.m.

Tuesday, March 30, 1937

The house met at three o'clock.

OFFICIAL REPORT OF DEBATES

Mr. SPEAKER: I have the honour to lay before the house a report and communication of the civil service commission respecting revision of the compensation of the editor of French debates and the chief of the French reporting staff.

AGRICULTURE AND COLONIZATION

FIRST REPORT OF COMMITTEE CONCURRED IN

Mr. W. G. WEIR (Macdonald) presented the first report of the committee on agriculture and colonization, and moved that the report be concurred in.

Motion agreed to.

HALIBUT FISHERY

CONVENTION BETWEEN CANADA AND THE UNITED STATES TABLED

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I should like to table the convention between Canada and the United States for the preservation of the halibut fishery of the north Pacific ocean and Bering Sea, which was signed at Ottawa on January 29 of this year.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR EXPENDITURE, INDEBTEDNESS AND THE REFUNDING OF MATURING OBLIGATIONS —DETAIL OF FIGURES APPEARING IN BILL

On the orders of the day:

Hon. C. D. HOWE (Minister of Transport): Mr. Speaker, last night while in committee on the Canadian National Railways financing bill the leader of the opposition (Mr. Bennett) suggested that I place on Hansard a breakdown of the figures appearing in the bill. With the consent of the house I shall place the statement on Hansard without reading it. I believe the detailed figures would mean very little if read in the form presented.

Details of C.N.R. Requirements under Financing and Guarantee Act 1937

(a) Retirement of maturing capital obligations, miscellaneous maturing or matured notes and other obligations secured or unsecured and payment of sinking funds, not exceeding $7,114,000.

	Due		
Retirement of Maturing Capital Obligations—			
7 % Wellington, Grey and Bruce Railway bonds	July 1/37 & Jan. 1/38	$ 11,680	
3¾% New England Elevator Company first mortgage bonds	July 1st	10,000	
Indebtedness to State of Michigan re Woodward avenue	Dec. 31st	360,000	
			$ 381,680
Sinking Fund Payments—			
Canadian National Railways 2% guaranteed debenture stock (1927)	July 1st	922,806	
St. John and Quebec Railway 4% debenture stock	Oct. 1st	27,280	
			950,086
Equipment Principal Payments—			
C.N.R. 5 % Equipment Trust Series "G"	Feb. 1st & Aug. 1st	1,500,000	
C.N.R. 4½% " " " "J"	May 1st	1,000,000	
C.N.R. 5 % " " " "K"	May 1st	1,200,000	
C.N.R. 4½% " " " "H"	July 1st	625,000	
C.N.R. 5 % " " " "L"	June 1st	1,050,000	
G.T.W. 5 % " " " 1929	Dec. 14th	283,000	
C.V. Railway 5% Equipment Trust 1929	Dec. 14th	124,000	
			5,782,000
Grand total			$7,113,766
		(say)	$7,114,000

(b) Additions and betterments including co-ordinations and acquisitions of real or personal property, not exceeding $23,607,700, estimated as follows:

General additions and betterments	$11,289,999
Less: Equipment retirements	7,389,999
	$ 3,900,000
Acquisition of securities	561,000
New equipment purchases	19,396,700
	$23,857,700
Less: Available from working capital	250,000
	$23,607,700

As follows:

General Additions and Betterments—	1937 Proposed
Atlantic region	$ 792,794
Central region	1,826,939
Western region	2,709,500
Grand Trunk Western Railroad Company	1,123,200
Central Vermont Railway, Inc.	154,328
Prince Edward Island car ferry and terminals	3,000
Montreal and Southern Counties Railway	17,249
Niagara, St. Catharines and Toronto Railway Company	34,000
Oshawa Railway Company	4,226
Thousand Islands Railway Company	1,000
Canadian National Steamships Company Limited (Pacific)	9,750
Prince Rupert dry dock and shipyard	....
Grand Trunk-Milwaukee Car Ferry Company	....
Muskegon Railway and Navigation Company	24,100
Hotels	357,000
Canadian National Express	11,510
Telegraph and Telephone Department	548,631
Stores Department (including Grand Trunk Western)	42.440
Rail and River Coal Company	37,075
Chicago, New York and Boston Refrigerator Company	1,773
Legal and Tax Department (including Grand Trunk Western)	129,876
Headquarters, includes replacement Fredericton bridge in 1937—$850,000	1,245,883
Headquarters—Retirement of roadway and structures—not replaced (Cr.)	275,000
Additions and betterments to equipment—C.N. owned	2,390,725
Montreal terminals development—Chapter 12	100,000
Total additions and betterments	$11,289,999

Less—Equipment retirements—	
Canadian National Railways	6,500,000
Duluth, Winnipeg and Pacific Railway	74,286
Grand Trunk Western Railroad Company	576,500
Central Vermont Railway, Inc.	168,970
C., N. Y. & B. Refrigerator Company	70,243
Total equipment retirements	$ 7,389,999
Total additions and betterments less equipment retirements	$ 3,900,000

Acquisition of Securities

Toronto Terminals Railway Company—
Joint with Canadian Pacific Railway Company

General additions and betterments:		
Expenditures to December 31, 1936, not yet funded	$142,981	
Requirement for year 1937	91,000	
Total	$233,981	
C.N.R. proportion—50 per cent	116,990	
	(say)	$100,000

Northern Alberta Railways Company—		
Joint with Canadian Pacific Railway Company		
General additions and betterments:		
Expenditures to December 31, 1936, not yet funded	$384,776	
Requirement for year 1937	267,552	
Total	$652,328	
C.N.R. proportion—50 per cent	326,164	
Portion of securities acquired in 1936 financed from working capital:		
Total value of securities acquired	$250,000	
Amount financed through capital budget	193,000	
Balance financed through working capital	57,000	
	$383,164	
	(say)	$350,000
Chicago and Western Indiana Railroad Company—		
Amount to be advanced as sinking fund payment under terms of fourth supplemental indenture dated March 1, 1936, between the Chicago and Western Indiana Railroad Company and the Bankers Trust Company, securing an issue of 4½ per cent series "D" first and refunding mortgage bonds, in amount of $24,462,000.		
Total payment to sinking fund in 1937	$553,000	
Grand Trunk Western Railroad Co. proportion 20 per cent	110,600	
	(say)	$111,000
Total		$561,000

New Equipment Purchases

	Total
Canadian National Railways—	
Freight cars	
3,000 Box cars	
300 Refrigerator cars	
300 Gondola cars	
15 Snow plows	
14 Flat cars 40 ton capacity	
44 Flat cars 50 ton capacity	
Passenger cars	
50 Coaches	
10 Mail and express cars	
10 Baggage cars	
Total estimated cost of above 3,743 cars, including sales tax and inspection charges	$17,496,700
Grand Trunk Western Railroad Company—	
Freight cars	
200 Automobile cars	
100 Gondola cars	
200 Refrigerator cars	
Passenger cars	
3 Baggage cars	
Total estimated cost of above 503 cars, including inspection charges	1,900,000
Grand total estimated cost of 4,246 cars	$19,396,700

In event of equipment trust being issued for the purchase of new equipment, it will only be necessary to provide approximately 25 per cent of the total amount of $19,396,700 through the Financing Act of 1937.

HON. W. D. EULER

WELCOME EXTENDED TO MINISTER OF TRADE AND COMMERCE ON HIS RETURN FROM AN EXTENDED TOUR

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, before the orders of the day are called I am sure the house would desire to welcome back the returning traveller, who, since last we saw him, has visited most of the countries of the world, and can give us first-hand information as to the various types of government now functioning in those countries. Particularly he could give us first-hand information regarding dictatorships that are not dictatorships and soviet unions that are not soviet unions; and, above all else, he could inform us regarding great overseas dominions which, with this country, constitute the British commonwealth of nations. I am sure we are all glad to see him back so vigorous and healthy and strong in mind to meet the onslaughts which have been made upon protection during his absence. I am sure he has been invigorated and helped by the report which I read last week and which I need hardly mention. If it is quite in order I know we all would be delighted to hear from one who has seen so much of the world in the months that are past and who can give us his impressions to brighten our days which have been made dark by the attention we have had to pay to our parliamentary duties while he has been enjoying the sunlight.

Hon. W. D. EULER (Minister of Trade and Commerce): Mr. Speaker, while the remarks of the right hon. gentleman are in some respects not entirely unexpected, I have to thank him for the kindly way in which he has spoken of my return to Canada. I wish also to thank hon. members of the house for the generosity with which they responded to what he had to say.

My right hon. friend made reference to my having travelled practically to all parts of the world, but I think that statement will have to be modified considerably. Of course I could say a great deal about what I saw in Russia. I did not see the dictator of that country personally, but I did see the dictator in Germany. Perhaps I am not quite as well qualified to speak with regard to dictatorships as are some others to whom I might refer.

Mr. BENNETT: You are returning to the leadership of one.

Mr. EULER: It is not my intention at this time to give an extended account of my peregrinations or pilgrimages, but I shall refer briefly to my mission to Australia and New Zealand. Of course the house will understand that as the negotiations are not complete it is obviously impossible for me to give any detailed statement with regard to them. Our conferences were carried on—quite naturally, since I was the leader of the Canadian delegation—in the most amicable manner. Perhaps I could say just this with regard to the negotiations. In my opinion sufficient progress has been made to enable me to say with considerable confidence that I believe a satisfactory arrangement will be the outcome. In the meantime the present agreement will continue in force.

I should like to take this opportunity to express briefly my appreciation of the general courtesy, kindness and hospitality of the prime ministers of Australia and New Zealand, the members of the governments of the two countries, and the people themselves. I think I might quite appropriately refer to the lengthy visit made by the right hon. leader of the opposition (Mr. Bennett) to the British dominions, more particularly to Australia and New Zealand. I hope my own leader will not find any fault with me when I tell him that sometimes I described myself as a follower of the right hon. gentleman opposite—that is, I followed him throughout New Zealand and Australia.

Mr. BENNETT: You always have on fiscal matters.

Mr. EULER: Perhaps I can say this to him without embarrassing him: the right hon. gentleman made a number of public addresses, all of which were good, and everywhere he left the best possible impression. Of course that was to be expected. I think it would be well worth while for hon. members of the house and of the government to visit the overseas dominions, even if it is not for the purpose of negotiating trade agreements. They would thus be able to get the viewpoint of the people of Australia, New Zealand and elsewhere, and try to convey to them something of the viewpoint of the Canadian people. This cannot be done at a distance of ten or eleven thousand miles; it can be accomplished only by personal contact. I am quite sure that what the right hon. gentleman did in Australia and New Zealand went a long way toward cementing the feelings of good-will that exist between the people of those countries and the people of Canada.

I must say I was surprised at the extent of the resources of Australia and at the variety of climate to be found there. The climate varied from the tropical to be found in Queensland in the extreme north to that of Tasmania in the extreme south, which is much

like that of this country. No one can see the resources and extent of New South Wales, Victoria and the other states and New Zealand without being convinced that a great future is in store for these countries. At a later date I hope to go further into the details of the negotiations which took place while I was there.

MAIL DELIVERY ON GOOD FRIDAY

On the orders of the day:

Hon. J. C. ELLIOTT (Postmaster General): Before the orders of the day are called I should like to answer the questions asked yesterday by the hon. member for Wentworth (Mr. Lennard) and the hon. member for Lincoln (Mr. Lockhart) with regard to mail delivery on Good Friday. I might remind my hon. friends that when the supplementary estimates were being considered on Wednesday evening the question was asked as to whether or not there would be a delivery on Good Friday. I indicated that the regular delivery would take place on that day. On Thursday I learned that through some misunderstanding directions had been given for only the morning delivery, and I had instructions issued that the regular delivery should take place on Good Friday.

TRANSLATION OF QUESTIONS

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Before the orders of the day are called I should like to direct attention to the poor translation that has been made of certain questions. I have given private notice twice of this fact; this is the third time, and if it is necessary to bring it up the fourth time I will have to say much more about this matter. I am referring particularly to the questions appearing in the Votes and Proceedings for to-day.

INTERIM SUPPLY BILL

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

He said: In making this motion perhaps I should explain that the immediate object is to secure assent to interim supply, it being near the end of the present fiscal year. The amount to be asked for is one-sixth of the amounts to be voted. There is the usual provision that the rights of discussion will not be prejudiced. I make this explanation because I understand that the hon. member for Winnipeg North Centre (Mr. Woodsworth) intends to speak on the motion that you, sir, do now leave the chair. If my hon. friend will defer his speech for the moment I shall undertake, after we have been in ways and means and the interim supply bill has passed, again to move that Mr. Speaker do now leave the chair for the house to go into committee of supply.

Right Hon. R. B. BENNETT (Leader of the Opposition): Of course it is understood that in granting interim supply no hon. member, at least of those associated with us, can be taken as agreeing to the items by reason of the fact that one-sixth supply is being granted. That is the usual provision made on an occasion of this kind.

Mr. DUNNING: Agreed.

Motion agreed to and the house went into committee of supply, Mr. Sanderson in the chair.

Mr. DUNNING moved:

Resolved, that a sum not exceeding $37,395,179.14, being one-sixth of the amount of each of the several items to be voted as set forth in the main estimates for the fiscal year ending 31st March, 1938, laid before the House of Commons at the present session of parliament, be granted to His Majesty, on account, for the fiscal year ending 31st March, 1938.

Motion agreed to.

Mr. DUNNING moved:

Resolved, that a sum not exceeding $16,010,551.17, being one-sixth of the amount of each of the several items to be voted as set forth in the special supplementary estimates for the fiscal year ending 31st March, 1938, laid before the House of Commons at the present session of parliament, be granted to His Majesty, on account, for the fiscal year ending 31st March, 1938.

Motion agreed to.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

INTERIM SUPPLY BILL

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

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

Mr. DUNNING moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending 31st March, 1938, the sum of $53,405,730.31 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time and concurred in. Mr. Dunning thereupon

moved for leave to introduce Bill No. 81, for granting to His Majesty certain sums of money for the public service for the financial year ending the 31st March, 1938.

Motion agreed to, bill read the first and second time, considered in committee, reported, read the third time and passed.

SUPPLY—CURTAILMENT OF CIVIL LIBERTIES

STATEMENT OF MR. WOODSWORTH ON MOTION OF THE MINISTER OF FINANCE

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

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I should like to call the attention of the government and of the house to some recent occurrences that endanger the liberties of Canadian citizens and deny, especially to labour, certain fundamental rights. A few days ago, in answer to a question with regard to "sit-down strikes," the Minister of Justice (Mr. Lapointe) made quite a far-reaching statement, as contained in Hansard page 2114. The minister did not, in this instance, wait for the courts to interpret the law, but stated that a "sit-down strike" in Canada would be entirely illegal. He further made the statement that there were legitimate means of redressing grievances already existing in Canada; in his own words:

> Legitimate means of redressing grievances already exist in Canada.

Further, he stated that all the resources of the dominion should be utilized against such a strike; using his own words again:

> . . . the dominion government is prepared to utilize all the resources and agencies at its command and to the extent of its legal powers to the end of restraining and eliminating this illegal mode of procedure in Canada.

It seems to me that this statement cannot be dissociated from the recent Sarnia riot in the Holmes Foundry on March 3. As far as I can ascertain the outstanding aspects of that strike were these. The shop committee had asked and were granted an increase in the weekly wage rate. The company however stepped up the schedule of work required, thus more than nullifying the increase. I ask the minister, what legal means had the men of redressing those grievances? I would like him to make this specific. The men, rightly or wrongly, resorted to what is known as the sit-down strike. I am not going to discuss the merits or demerits of that procedure. It may be wrong. Let me call attention to what actually happened. With the knowledge, if not the connivance, of the management a gang of men armed with axes, iron bars and rods made an attack on the factory and later, according to press reports, on their homes. Have the employers no legitimate way of settling their troubles, of securing control of their own factory? The employers apparently contented themselves with having the foremen distribute to the mob, as they entered the doors, certain mimeographed sheets requesting the invading gang not to be violent. That is a serious state of affairs. Apparently the whole affair had been a frame-up, with the management itself to a greater or less extent responsible.

Where were the police? It seems that there was one policeman in the municipality, at Point Edward. Just across the road the Sarnia police confined their efforts, as they said, to directing traffic and so on. After the riot they conducted the beaten up workers to the gaol and some to the hospital.

As far as I can ascertain the only indictable offence under which the criminal sit-downers could conceivably be charged was petty trespass with a maximum fine of $10. At it turned out, only one of them was fined even this amount. The rest were dismissed under suspended sentence but they were first held three days in gaol without bail and incommunicado. I ask the Minister of Justice: Does this kind of thing, in his own words, not tend to undermine all respect for law and order? It would seem as if in Canada the protection of property was much more important than the protection of human rights and even life itself. I know that is a serious charge, but events of this kind would appear to substantiate it.

Now I turn from Ontario to the province of Quebec. In recent weeks there have been three outstanding instances of high-handed action on the part of the provincial government. The first I mention in passing, the ejection of Brigadier-General Panet by provincial constables who showed no warrant, and the seizing of all relief commission records. I would refer the house to the Montreal Gazette of March 17. I have no doubt the municipal counsel and General Panet can take care of themselves, but I instance this as illustrating the way in which things are being conducted in that province at the present time.

I am interested in another matter, the arrest of seven clothing workers in Montreal. Most of these were officials of what is known as the Montreal Joint Board of Amalgamated Clothing Workers. This organization, a legitimate trade union, has been in operation for some thirty years in Montreal. These men were

arrested in the dead of night by special provincial officers. They were dragged from their beds and held in gaol overnight, incommunicado, on a warrant issued by Mr. Justice Tetrault, a magistrate, who endorsed the said warrant "no bail until appearance." The men were charged with conspiracy of different kinds—conspiracy to prevent others from working; intimidation; injury to business, and forcing employees to join a foreign organization.

Mr. DUPUIS: Is that from a newspaper report?

Mr. WOODSWORTH: That last statement was taken from a memorandum given me by counsel appearing for these men.

Mr. DUPUIS: Has the hon. member the names of those arrested?

Mr. WOODSWORTH: I have the names but I am not in court. They were given to the press at the time. I do not think I will take the time to read them; I have them here. Under section 497 of the criminal code the right of trade unions is supposed to be safeguarded. That section reads:

> The purposes of a trade union are not by reason merely that they are in restraint of trade, unlawful within the meaning of the last preceding section.

Yet it would seem as if these men's crime was primarily that they sought to organize a trade union and to carry out its purposes. I am glad to note that in the provincial assembly in Nova Scotia, Colonel G. S. Harrington recently introduced a bill formally legalizing trade unions. I should like to read one clause:

> (5) It shall be unlawful for any employer hereafter to insert any clause in any written contract of employment, or to impose any condition in any verbal contract of employment, or to continue such clause or condition heretofore in effect, where such clause or condition seeks to restrain any employee from exercising his rights under this act, and any such clause or condition shall be of no effect.

Did our own Minister of Justice, upon these arrests in Montreal, hasten to interpret the law as he did in the case of the sit-down strikers? Did he offer to use all the resources of the dominion to the end of protecting trade unionists? I do not think so, even though the welfare of large numbers of workers in the province was definitely at stake.

Now I come to the third event to which I referred, the most important of all, and that is the so-called "padlock act" to protect the province from communist propaganda. In protesting against this action of the government of Quebec I am protesting not merely in the name of trade unionists, certainly not in the name of communists, but in the name of all British subjects who love liberty. In the Free Press published in my own city of Winnipeg there appeared on March 27 an article under the heading, "Red hunting in Quebec." The Quebec legislation is characterized as—

> One of the most savage assaults upon freedom which Canada has ever seen.

Premier Duplessis in introducing the bill stated, according to the Gazette of March 18, that since the parliament of Canada repealed section 98 of the criminal code, there was no means of preventing communist meetings. I submit that that statement in itself is an admission that that legislation is an indirect attempt to legislate in the field of criminal law, and as such it is in reality ultra vires. The important sections are 3 and 12. Section 3 reads:

> It shall be illegal for any person, who possesses or occupies a house within the province, to use it or allow any person to make use of it to propagate communism or bolshevism by any means whatsoever.

And then section 12:

> It shall be unlawful to print, to publish in any manner whatsoever or to distribute in the province any newspaper, periodical, pamphlet, circular, document or writing whatsoever propagating or tending to propagate communism or bolshevism.

I would point out that communism is not defined in the act. In the upper house in the course of the debate one member sought to identify communism and socialism. The premier said there would be little difficulty in making decisions, for communism could be "felt," and it was not advisable to have a definition. Surely that is a most curious statement for any premier to make; "not advisable to have a definition of what communism is." Someone suggests that not only could it be "felt"; it could be smelt. Just as sensible! It means in effect that anyone whom the premier does not like may be termed a communist. For example, the premier stated in the chamber that Mr. Joseph Schubert is a communist. Now Mr. Schubert is an alderman of the city of Montreal. He has again and again opposed the communists and been opposed by them. I am informed that he is at present in charge of the bureau enforcing the Arcand law in part of the garment industry. He says he proposes to go ahead proclaiming his doctrines as he has been doing in the past, so I presume that under this act the Montreal city hall might be padlocked, since "communism" is being propagated there by Joe Schubert.

I should like to ask what the Minister of Justice has to say with regard to a situation of this kind. I recognize that disallowance

may not be a very wise procedure. Yet the power of disallowance exists in Canada. But there is another course which might be adopted. The governor in council under the Supreme Court Act (R.S.C. 1927, chapter 35, section 55) has the power to refer any dominion or provincial legislation to that court for a test of its validity. Seeing the government were so anxious to find out whether the social legislation enacted by the Bennett government was valid they might try to find out whether this law is valid. Thus they might accomplish the end without resorting to disallowance. On unemployment insurance legislation the government immediately ran off to the supreme court and then carried it to the judicial committee of the privy council.

Mr. LAPOINTE (Quebec East): Is the hon. member criticizing that?

Mr. WOODSWORTH: I am not for the moment, but I say that the government, having done that, should not hesitate to act when the rights and liberties of people resident in the province of Quebec, and others who may be passing through, are thus imperilled.

May I point out that not only is communism not defined but the phrase is used, "propagating or tending to propagate communism." According to my way of looking at things this very act, in its repressive character, tends to propagate communism. I think undoubtedly communism is propagated when people are denied the right of expressing their views. Yesterday I listened to a statement of conditions in certain outlying portions of his constituency as described by the hon. member for Témiscouata (Mr. Pouliot); such conditions tend to propagate communism.

Let me read a passage which is familiar to every hon. member of this house:

> And all that believed were together, and had all things common; and sold their possessions and goods, and parted them to all men, as every man had need.

That passage is from the second chapter of the Acts, verses 44 and 45, and certainly tends to propagate a certain type of communism. There is no definition whatever in the act, and I suggest it would not be going altogether too far to say that if the act were rigidly enforced all bibles might be seized and destroyed and all the churches be padlocked. Of course someone will say that that is absurd. It may be carrying the application to an absurd degree, but I point out that such a procedure would be in accordance with the law. The danger is that those in authority will use the law against some helpless individual who cannot defend himself.

When I was a younger man I had occasion to read what we used to call patristics, that is, the writings of the early Christian fathers. May I point out that in these writings again and again occur certain passages which would come definitely under this law. May I point out also that in the province of Quebec, as elsewhere, there are Catholic communities which are perhaps the best examples we have of communism within certain limited bounds, among certain classes of people.

Mr. MARTIN: Not Marxian communism.

Mr. WOODSWORTH: That is the very point I wish to emphasize; communism here is undefined. In our reading of history we recall the peasant revolt, Wycliffe, Thomas More and his Utopia, John Ball, William Godwin, Robert Owen, the struggle of the chartists, and Christian socialism as expounded by Kingsley and Maurice; all these men and movements may be said to propagate or tend to propagate communism. I submit that you cannot teach history or literature or economics without getting into this realm. So I would suggest that if the law is to be rigidly enforced McGill university and most of our schools might be padlocked.

I come to modern socialism and its leader, Karl Marx. I think all who have read anything of socialism will concede that modern or so-called scientific socialism is largely founded on Marx's communist manifesto. Undoubtedly then any teaching of Marx or of the many schools of socialism which have drawn inspiration from him may well be said to tend to propagate communism. It is indeed fortunate that the House of Commons is situated in Ottawa rather than in Hull, or I am afraid that our library might be padlocked by Mr. Duplessis, because there are shelves of books there which deal with communism.

How about the British Labour party? How about the present French government headed by M. Blum? How about prominent Britishers such as Lord Passfield, or the Webbs, or Professor Laski, or Bernard Shaw? Under a strict interpretation of this law not one of them could speak in Montreal, because if they dared to do so the man who had rented them the hall might find it padlocked for a year. In fact I am inclined to think that there are some of my political enemies who might think that my speech to-day would

tend to propagate communism. If that is so I suggest that this day's issue of Hansard might be seized in the mails when it reaches Quebec, and all the post offices be padlocked.

Probably this time the Quebec government have overreached themselves. Even the financial papers are concerned. Let me read a paragraph from the Financial Post of March 27, under the caption:

Personal liberty worth preserving.

Communism is an economic and social theory which is offensive to a great many people. But those who believe in communism have as much right to present their point of view to the public as those who believe in capitalism, a competitive economy, or state socialism. . . . There are some things worse than the propagation of new and even unpleasant and unsound doctrines. Among them are the tyranny of the state and the loss of personal liberties.

I think all hon. members will agree with such a statement. I turn to select a few paragraphs from an editorial in the Ottawa Journal of March 24, under the heading "Another measure that strikes at liberty." Referring to this law the editorial says:

Its threat is against freedom of opinion—against freedom of print.

The editorial proceeds:

The Oxford dictionary defines communism as: "A theory of society according to which all property should be vested in the community and labour organized for the common benefit."

Are these theories to be made a crime? With those who hold them liable to arrest, to imprisonment, to have their premises padlocked? If so, and if anything even "tending toward Communism" is to be made a criminal offence, then a Franklin Roosevelt would have small chance in the province of Quebec. Even Mr. Bennett, with his radio speeches, would have been in danger. Not to mention Mr. Woodsworth.

* * * * *

Actually this bill is not aimed against lawlessness. It is aimed against liberty. Against liberty to write and speak, to discuss and debate. It is a vicious law because:

I gladly quote these reasons because I believe they put in a few words what I myself would like to charge against the law.

1. It enables an executive officer to punish a man (by padlocking his house) before any court has found him guilty.

2. It puts the burden of proof of innocence on the person thus attacked.

3. It bars any appeal from the decision of a single judge of the Superior court.

4. It enables any peace officer to seize literature, not only of a Communistic sort (with interpretation of what constitutes Communism left to the government) but also of a sort "tending to produce Communism."

The editorial concludes:

That isn't freedom. It isn't freedom as we have known it in British countries for two hundred and fifty years. . . . .

[Mr. Woodsworth.]

I do not like often to refer to the classics, but perhaps I may be permitted to quote two or three sentences from Milton's Areopagitica:

Give me the liberty to know, to utter, and to argue freely according to conscience, above all liberties.

And again:

And although all the winds of doctrine were let loose to play upon the earth, so Truth be in the field, we do injuriously by licensing and prohibiting to misdoubt her strength. Let her and Falsehood grapple; who ever knew Truth put to the worse, in a free and open encounter?

And again:

For who knows not that Truth is strong, next to the Almighty; she needs no policies, nor stratagems, nor licensings to make her victorious; those are the shifts and the defences that error uses against her power.

I would ask in closing: What might we expect from the Minister of Justice in a Liberal cabinet? First of all, I think a declaration that the Quebec act is ultra vires and as illegal as a sit-down strike. In the one instance the minister undertook to interpret the law; why should he not do so in this much more important case?

Second, we might expect a statement that there are legitimate means of protecting Quebec against lawlessness and violence. We have that, as I think he will tell us, in the criminal code. That ought to be told to Mr. Duplessis.

Third, there should be the emphatic assurance that the resources of the dominion will be used to protect the rights and liberties of all Canadian citizens—even in Quebec. Such a statement was made most emphatically the other day when the minister was dealing with a few people who had gone on what they termed a sit-down strike. In this instance, where liberty is at stake, might not the minister assure the people concerned that all the resources of the dominion will be available to protect the rights and liberties of all Canadians? Fourth, I suggest that the minister should assure us that there will be a reference to the supreme court in order that we may know what rights we have. I point out once more that such action was taken by the government in respect to certain social security measures. Surely similar action might be taken in the present instance.

In presenting this matter I feel that I am appealing to a minister who fundamentally is a Liberal at heart and to whom an appeal of this kind could not be made in vain but must meet with a favourable response.

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, I thank the hon. member (Mr. Woodsworth) for the compliments conveyed in his last words. I hope I shall always deserve to be known fundamentally as a Liberal. The hon. member has covered a good deal of ground, and as briefly as possible I shall try to answer some of the points he has raised. I shall not be able to do it with his vigour and his power, but he may be sure I shall do it with as much sincerity as he has shown.

The hon. member spoke first of the statement I made a few days ago in answer to a question put by the hon. member for Essex West (Mr. McLarty) regarding the stand of the government on sit-down strikes. I have not been able to gather whether or not the hon. member favours that mode of expressing grievances. The sit-down strike, as I indicated the other day, is certainly an illegal mode of procedure. I repeat that statement, and could not do otherwise. The hon. member has said that my statement was directed against some poor strikers in Sarnia. I did not know anything about that. I have no knowledge of proceedings which may have been instituted against those men. Those proceedings were instituted, as they must be, in provincial courts, and under the control of provincial authorities. What I stated about the legality of the sit-down strike had no relation to the incident at Sarnia. The hon. member related certain incidents in connection with the strike with which I was not familiar, and of which I have no knowledge; I surmise he is basing his information on newspaper reports.

The hon. member said, "The Minister of Justice has stated there are legitimate ways of redressing grievances; what are those legitimate ways?" What are they? We have in Canada a piece of legislation which for many years has benefited labour as well as employers. The Industrial Disputes Investigation Act has been cited elsewhere as a model of legislation. Let me tell the hon. member we have just had one example of what a legitimate means may do to redress grievances if they exist. A momentous threatened strike of all railway employees in Canada has just been settled by the legitimate means we have at our disposal. It was not settled by a sit-down strike or by listening to agitators; it was settled because the railway labour unions were able to present their case in a legitimate way. There were negotiations; there were understandings; and I say the fact that the threatened strike has just been settled is a feather in the cap of the Minister of Labour (Mr. Rogers), who was so largely instrumental in bringing about the settlement. That is the legitimate means I had in mind when I spoke the other day.

Apart from the instance in Ontario, the hon. member spoke about the province of Quebec and what he termed the ejection of Brigadier-General Panet from the offices of the unemployment commission in Montreal. I am not as free as is the hon. member to pass judgment upon the action of other governments in Canada. I cannot pass judgment until the matters are officially brought to the knowledge of the government and in one way or another are before me for adjudication. I have nothing to say about the matter. I do not know what the circumstances were. If they are as the hon. member has described them I would say with him that that is not the way to act with regard to a gentleman of the ability, the calibre and the integrity of Brigadier General Panet. But we have had nothing to do with that.

The hon. member also spoke of the arrest of the seven leaders of a union in Montreal, in connection with the strike of the amalgamated clothing workers.

Mr. HEAPS: There was no strike.

Mr. LAPOINTE (Quebec East): Well, they have been arrested for conspiracy. The laws of the land are there; we have nothing to do with that matter. What has the Minister of Justice to say about it? Nothing, except that if those men are not guilty they will be found not guilty by a tribunal in the province of Quebec, where laws are administered as in the other provinces. I have no judgment to pass upon the matter, in any way, shape or form.

Then the hon. member spoke about a bill which last week passed through the Quebec legislature. All I know about it is what I have read in the press. Again I say I cannot speak on a matter of this kind with the same freedom as the hon. member can.

Mr. WOODSWORTH: Here is the bill.

Mr. LAPOINTE (Quebec East): I have not the bill, but when the bill comes to me it will come in an official and regular way, not through the agency of the hon. member for Winnipeg North Centre. Under the constitution, any law enacted in a provincial legislature has to be sent by the lieutenant governor of the province in question to the Governor General of Canada, and that law is reviewed or considered by the Minister of Justice. Then there is a report as to whether or not the law shall be allowed to stand. There is that power of disallowance, as the hon. member has stated. The law to which he has referred has not reached the governor general

or the Minister of Justice; I do not know what it is, beyond what I have read in the newspapers. Therefore I must accept the hon. member's statement. I believe his observations in that respect are premature, and certainly any comment on my part would be premature. I cannot comment on the law before it is sent officially and regularly through the channel established by the constitution.

With regard to disallowance, I am surprised that the hon. member should suggest the disallowance of provincial legislation.

Mr. WOODSWORTH: I did not suggest it.

Mr. LAPOINTE (Quebec East): Ordinarily the hon. member is very much opposed to arbitrary measures.

Mr. WOODSWORTH: May I say I did not suggest it. I said there was a power of disallowance, but I made another suggestion.

Mr. LAPOINTE (Quebec East): For many years the power of disallowance has not been resorted to by the government of Canada. The same power of disallowance existed in connection with federal legislation in the hands of His Majesty the King, represented of course by the imperial government. That power has not been exercised, for many years. In fact at the imperial conference of 1926, and later in 1930, it was formally declared that this power no longer constitutionally exists, and that the imperial parliament has no constitutional right to disallow laws of the parliament of a dominion.

I would not say the same condition would apply to provincial legislation, but it has often been stated by the courts that within the sphere of their own jurisdiction the provincial legislatures are sovereign. I do not think that in a federation such as this the power of disallowance could easily be exercised by the central government. I believe the provincial legislatures feel that they are still supreme and sovereign within the sphere of their jurisdiction.

I understand the act has been assented to by the lieutenant governor. If, as the hon. member suggests, it is ultra vires, then the courts will so rule. The courts will declare that it is ultra vires, and it is better that the courts so declare than that the Minister of Justice do so, because there would be no appeal from disallowance by the minister. On the other hand, there would be appeal from a court decision, and there would be a final judgment as to whether or not it is within the powers of a province to legislate in the matter.

The hon. member suggests that there should be a reference to the Supreme Court of Canada. As I have said, I was surprised to hear him make that statement, because he criticized the government for having referred to the Supreme Court of Canada acts of our own parliament; now he wants us to take an act of the legislature of Quebec and refer it to the supreme court. All I can say with regard to his suggestion—and the hon. member certainly does not expect me to say more—is that it will receive the most serious consideration.

The hon. member spoke of communism and the way to fight it. He asked what our stand against communism would be. I am pleased that the debate gives me an opportunity to express my views as to the doctrine of revolutionary communism. I have never concealed my views on the subject. I am opposed to everything that they teach and preach. I am against their doctrine on moral, religious and sociological grounds. With the exception of a few individuals, I think our whole population is opposed to the spreading of this doctrine. I believe the best way to fight communism is to eliminate the causes of discontent which exist among many classes of our population. We should try to give justice to everyone, to the poor the same as to the rich, to the humble the same as to the powerful. We should endeavour to eliminate the grievances and abuses which now exist in our system. But while that system may need reforming, we still want to keep it.

The second method we should adopt is that of education. If communism is bad, it should be fought with something that is better. If it is wrong, we must provide something that is right. I agree that hatred will not eliminate communism. I wonder if many hon. members of this house read the recent encyclical of Pope Pius XI on communism? He indicated that justice and charity were the two best agencies with which to combat communism. I believe that is so. All Canadian citizens should unite to preach the true doctrine. I have been thinking about this matter for some time and if I find support for the idea I should like to organize a league of Canadian citizens for the purpose of spreading education throughout the length and breadth of Canada. All democratic people, the labourer and the employer, the church man and the public man, should join hands in helping to spread the right kind of education throughout Canada. The purposes of this organization would be, first, to preserve the democratic state in Canada; to combat communism and fascism and to counteract the activities of all subversive and revolutionary forces which seek to overthrow the democratic state by force and violence; to

guard the religious heritage of Canada from the protagonists of foreign and atheistic doctrines and to assist the state in every lawful way to the end that Canada may remain a place of safety, that the welfare of her citizens, that men and their wives and children, may be guarded, and that peace, order and good government may be maintained in our dominion.

Mr. BENNETT: Peace, order and good government?

Mr. LAPOINTE (Quebec East): Yes. I think such a method would be more effective than the use of guns, prisons and other arbitrary methods. I am quite willing to try to get such an organization started in Canada, and I hope my hon. friend will join in fighting that against which he protests. Those who believe in order, religion and liberty make the best bulwark against communism. They are more effective than prisons.

I should like to relate an incident which happened a few months ago. A municipal election was to be held in Sudbury. As hon. members know, there is a considerable labour element connected with the mines in that district. A gentleman from Sudbury came to my office one morning and told me that three or four communists were in the field. He asked that these men be arrested and prevented from taking part in the election. He claimed that the entire population of Sudbury had sent him to make this request. I told him that I had no right to do it, that the best way to fight these people was to beat them at the polls. He accepted my views and persuaded his friends that that was the best method to adopt. The communists received about 110 votes as compared with the 5,000 and 6,000 received by the other candidates. I think that was the best way to show the people of Sudbury that the teachings of these men were wrong. If they had been put in gaol they would have been treated as martyrs. They would have claimed they were persecuted because of their ideas.

By the way, whoever heard of Tim Buck before he was put in gaol? Because he was put in gaol people go by the thousands to attend his meetings. He is teaching the same bad doctrine, but I would prefer to attempt to destroy his arguments rather than put him in gaol. I would rather adopt the Hyde Park method than force conspiracies in cellars. I would rather know what is going on than suspect that meetings were being organized in cellars and other places. Experience in religious and political matters has shown that arbitrary methods of repression have always failed. But law and order must be maintained. If those men do or say things which are prohibited by law they must be treated accordingly, and as far as I am concerned, they will be.

I saw in the press a suggestion that the definition of the crime of sedition should be widened. It comprises, however, everything that is an element of trouble. In the famous English case of Burns, Judge Cave gave the best definition of sedition that exists. He said:

> Sedition embraces everything, whether by word, deed or writing, which is calculated to disturb the tranquillity of the state.

The law of sedition—and we have it under our common law as well as in other laws—is at the disposal of every good citizen to be invoked against those who are guilty by act or word or conspiracy wherein there is an element of sedition. The dominion government will help the provincial authorities to enforce internal peace and order in Canada, within the sphere of our own jurisdiction; and let it be understood that we have the means of doing it. We have a very fine Canadian mounted police force. Sometimes it is criticized; I do not know that I have not myself criticized it in the past, but it is my experience that in the Royal Canadian Mounted Police we have the best police force which exists; it is straightforward, honest, courageous, and a fine agency for peace and order in Canada. This session we have taken means to increase another force we have available to maintain internal order in case of emergency, as well as to defend our coasts. I do not know whether it will astonish the house and the hon. member who has just spoken if I tell them that these increases in the estimates have been bitterly criticized by communists and those associated with communism in this country. I hold in my hand a circular which has been sent throughout Canada. One side is in English, the other side in French. It is the work of the association controlled by the communist party in Toronto, and is directed against those estimates.

Miss MACPHAIL: I was against the estimates, and I am not a communist.

Mr. LAPOINTE (Quebec East): I know; this does not apply to my hon. friend. But it is strange that these people should be so strongly opposed to the provision I have mentioned. They circulated this document throughout the province of Quebec; they even sent around a form of resolution to be adopted in that province by associations which are far from friendly with the organization that started

this movement. This resolution has come to members of the House of Commons from a movement in my province organized by the Canadian League against War and Fascism and other associations of the kind. Why are the communists so strongly opposed to Canada having even the skeleton of an army for defence, when they seem to be wholly in favour of Russia having the greatest army in the world? They want Russia to be armed, but Canada, and other nations as well, to be disarmed.

Mr. BENNETT: I suppose they have been listening to the speeches of the opposition during the last five years.

Mr. LAPOINTE (Quebec East): I do not know. More than that: when I announced in parliament that I was about to introduce a law to enforce in Canada the Foreign Enlistment Act, I received hundreds of telegrams from people describing themselves as communists or friends of liberty or friends of all sorts of other things—

Mr. BENNETT: Sons of Freedom.

Mr. LAPOINTE (Quebec East): —and indicating that the communist party was opposed to that measure. They do not want Canadians to have a militia of any kind, but they want Canadians to go away and fight for their doctrines in Europe. The two ideas are closely associated. I have with me two letters, in exactly the same words, from two French-Canadians in Montreal. I am going to read them to show the propaganda which was going on while these matters were before the House of Commons. I will read one of them—because the other is precisely the same—in French, and will then translate it.

M. Lapointe,
ministre de la Justice.

Cher monsieur,

Je proteste contre l'embargo et l'interdiction de porter secours au gouvernement démocratique légal d'Espagne, et contre le réarmement canadien.

(signé) .....

It is better that I should not give the name of the writer. The translation is as follows:

Mr. Lapointe,
Minister of Justice,

Dear Sir,—

I protest against the embargo and the interdiction to go and help the democratic legal government of Spain, and against Canadian rearmament.

(Signed) .....

All this was the result of a propaganda.

To summarize what I have said, I believe that our best way to fight these doctrines is, first, to try to eliminate the causes of discontent and friction; second, to organize for the dissemination of good ideas to fight bad ideas; third, to see that order and peace are maintained in Canada. But with all that, I am a strong believer in the British way of administering justice. I believe in the majesty of the law. I do not think that it is a good thing to fight illegality by other illegalities. Arbitrary methods, which are not strictly according to the British practice, do not appeal to me, and I do not believe that their effect is what those who use them have in view. It is my opinion that no power, whether federal, provincial or municipal, should usurp the powers of other bodies, but that they should all confine their activities within what the law and the constitution permit. If we observe these principles I have no doubt that we shall keep Canada free from the disastrous doctrines and deeds which are the plague of other countries; and to that end it is the duty of all citizens, wherever they are and to whatever class of society they belong, to contribute their share.

Motion agreed to, and the house went into committee of supply, Mr. Sanderson in the chair.

FURTHER SUPPLEMENTARY ESTIMATES, 1936-37

Write-down of assets—

To authorize—as the dominion's contribution to a program of adjusting the indebtedness of farmers living in the drought area of the province of Saskatchewan which program has been sponsored by the government of that province and involves appropriate adjustments in debt or tax claims on the part of the provincial government, the municipalities and certain mortgage lending institutions—the writing off and cancellation of certain treasury bills of the province held by the dominion, provided (1) that said treasury bills be transferred in the books of the Department of Finance from "active assets" to "non-active assets" as at March 31, 1937; (2) that final writing off and cancellation of said treasury bills be subject to the approval of the governor in council and in accordance with such terms and conditions as he may approve, including the nature of the evidence to be submitted as to the adjustments made by the provincial government, the municipalities and the mortgage lending institutions aforesaid; and (3) that the amount of treasury bills to be written off and cancelled shall not exceed the amount advanced by the dominion government to the provincial government by way of loan to assist in financing expenditures incurred for relief, seed grain and seeding purposes in the said drought area during the period from May 1, 1931, to January 1, 1935, plus such accrued interest thereon as has been capitalized, and shall not in any case exceed in the aggregate the sum of, $17,959,606.51.

Mr. BENNETT: This is a most extraordinary item. We lent Saskatchewan, Alberta and Manitoba certain sums of money and they

gave us their promise to pay. We now propose to take $17,000,000 of this money and call it a non-active asset and under certain circumstances to write it off altogether. This is a procedure the effect of which is to deprive the people of Canada of $17,000,000, for in the one instance they had to find the money either by borrowing or by taxation, which means the same thing, and then they are to lose it for all time; and it is to go to one particular section of one particular province, although there are other parts of Canada that are afflicted by drought. Alberta nearby is in that position and nothing is being done for that province, but $804,000 is being written off with respect to Manitoba. I should like to have some reason for the selection of these provinces as against the other.

Mr. DUNNING: Perhaps I had better make a brief general statement covering the whole matter.

Mr. BENNETT: That might shorten it.

Mr. DUNNING: In so doing I shall cover the points mentioned by the leader of the opposition (Mr. Bennett). Saskatchewan is the province immediately before us, Manitoba being in vote 392. During the summer of 1936 various conferences were held between the government of Saskatchewan and representatives of The Dominion Mortgage and Investments Association with a view to working out a cooperative program for the voluntary adjustment of farmers' indebtedness in the drought areas of that province. As is well known, the drought area of Saskatchewan is many times larger than the drought area in either of the other provinces and affects several times the number of people. At a number of these conferences the dominion Minister of Agriculture (Mr. Gardiner) was present, and he intimated on behalf of the dominion government that the dominion would be prepared to participate if a plan could be agreed upon under which the mortgage lending institutions, the provincial government and the municipalities would undertake to make appropriate concessions to the farmers in these areas who had suffered from prolonged drought conditions. Finally in September a plan was evolved as follows:

First, all government and municipal advances for seed grain, fodder and relief, made prior to January 1, 1935, to be cancelled to the farmer concerned.

Second, all municipal tax arrears to be adjusted as at January 1, 1937, so as to leave not more than an average of two years' taxes standing against any of the properties within the area.

The provincial government was also to cancel all arrears of provincial taxes down to January 1, 1935.

The mortgage companies agreed that the rate of interest on all mortgages throughout the province should be voluntarily reduced by the mortgage-lending institutions to six per cent per annum as at January 1, 1937. In the drought area, in addition to the reduction in the rate of interest by the mortgagees, all unpaid interest on the mortgage, accumulated down to January 1, 1935, was to be cancelled and all mortgage accounts were to be voluntarily adjusted as at January 1, 1937, on such a basis as to leave no more than the balance of principal money advanced and any interest thereon which might be due for the years 1935 and 1936.

A standard form of extension agreement, approved by the government of the province, provided that the account will be consolidated, that is, the principal and the two years' interest which I have just mentioned, and extended for ten years on terms that will provide that delivery of one-third share of crop in the first three years will keep the debtor out of default. Five per cent on principal is to be payable annually, with the balance due in the tenth year.

The standard form of agreement was also to represent a final adjustment.

In brief, this was a cooperative voluntary form of debt adjustment and I am bound to say, as representing one of the creditors, a large creditor, the dominion government, that I do not consider the debt in question a good asset, and I am reasonably sure that my predecessor was of the same opinion. The government welcomed the opportunity, through cooperation with other creditors, a large number of people throughout that area, of bringing about on all hands such a debt reduction as would afford the people of that area an opportunity to start again, should rain come, with a reasonable prospect of being able successfully to prosecute their calling of agriculture in the future, without having on their shoulders a burden of debt which no one expected that they could possibly pay off.

As to the amount involved, the language of the vote indicates that there cannot be any certainty with regard to the final amount that will be involved as written off by all creditors. Various estimates have been made ranging from $50,000,000 to $75,000,000 as being the total amount involved as a write-off by all of the creditors.

As regards the progress of the adjustment I am advised that it is proceeding with certain difficulties, as must occur in such a large transaction covering a large number of individuals.

Mr. BENNETT: How many people are involved? How many farms are affected?

Mr. DUNNING: There are 156 municipalities.

Mr. BENNETT: Surely we can tell how many farms are affected?

Mr. DUNNING: We can get that information.

Mr. BENNETT: I would not trouble to get it, but one would think it would be a very elementary sort of thing to have. We are dealing with a problem in which we know the number of municipalities. Surely we didn't buy a pig in a poke; we knew what we were doing.

Mr. DUNNING: As my right hon. friend knows, the government of Canada during his regime advanced these moneys to the provinces.

Mr. BENNETT: Surely.

Mr. DUNNING: The province in turn loaned it to the farmers and took security from the farmers by way of a note. The debt, as far as the dominion is concerned, is a debt due the dominion from the province. But it has a further aspect as a debt due by the farmer to the province.

Mr. PELLETIER: In what form?— A direct loan to a farmer?

Mr. DUNNING: The farmer gave his note; the province holds the note of the farmer.

Mr. PELLETIER: For cash advanced, or what?

Mr. DUNNING: For seed grain and all the various purposes during the years, differing in some as compared with others, for which advances were made.

Mr. BENNETT: Not for relief, I think.

Mr. DUNNING: Oh, yes.

Mr. BENNETT: They cancelled the notes for relief.

Mr. DUNNING: Not all of them. The relief notes for the years for which my right hon. friend arranged cancellation are not concerned in this adjustment; they were taken care of otherwise. Also my right hon. friend will remember that there was one year, I think 1934-35, in which the dominion government of that day dealt with the matter not by way of loan to the province, but assumed the position which this government has assumed in relation to the problem of 1936, that it was a national problem; and in that year the national government bore the cost. So that year does not enter into the adjustment.

Mr. BENNETT: They ultimately bore the cost of relief for the first year it was adopted.

Mr. DUNNING: And 1934-35. The amounts outstanding relate then to the intervening years, with respect to which up to now no adjustment has been made. By virtue of this adjustment being made, other creditors, namely the province, the municipalities and the mortgagees, are making the kind of voluntary adjustment to which I have referred, which results in removing a very considerable burden from the shoulders of those in that locality, and will I hope and believe, enable them under providence, to get a fresh start, relieved of a burden which would be all but insupportable.

My right hon. friend asked a question regarding the province of Alberta. The method made available to the provinces of Saskatchewan and Manitoba has been and is available to Alberta. Up to now the Alberta government have not chosen to avail themselves of this method; they have adopted other methods which do not involve dominion participation in such a cooperative scheme as I have just endeavoured to explain. I may say however that this government stands prepared to apply the same principles to Alberta at any time.

Mr. BLACKMORE: What is that method? Does it involve a loan council? Has the minister any idea why Alberta has not accepted it?

Mr. DUNNING: As my hon. friend knows, Alberta adopted a method which involved arbitrary dealing with all mortgage contracts in the province. I cannot describe it in detail. This method involved a cooperative voluntary arrangement, relating to the drought area in Saskatchewan, with the government of Saskatchewan and the municipalities there participating, as well as the mortgagees. And the same applied in Manitoba. They said to the dominion government: If all the creditors of these farmers agree to do this, will the dominion agree to come in also and write off to the same date the indebtedness for money advanced by the dominion government in former years? Our answer was yes. And I say to my hon. friend that at any time Alberta comes along with a similar proposal we shall be very glad to give it favourable consideration.

Mr. BLACKMORE: I am very much interested in this thing and would like to get it cleared up. Who initiated the movement which resulted in this request to the dominion government? Did the Saskatchewan government, or the Saskatchewan municipalities, or the mortgage companies, initiate the movement?

Mr. DUNNING: I should not like to award the credit to any particular individual. Naturally the minds of many men were applied to the problem in Saskatchewan and in Manitoba, and conferences were held long before conclusions were reached, at which the dominion was represented by the Minister of Agriculture. The official statement in regard to the method was made by Premier Patterson in the case of Saskatchewan and Premier Bracken in the case of Manitoba. Perhaps I can clarify the matter to my hon. friend in regard to that phase by reading an official letter which I wrote to Premier Patterson with regard to it, under date of October 24, 1936:

I have given careful consideration to the various questions involved in the determination of the amount of Saskatchewan's indebtedness to the dominion arising out of loans for relief expenditures prior to January 1, 1935, which is to be written off as our contribution to the general debt reduction program which is under way in your province.

I might explain that this letter followed a report by the Minister of Agriculture (Mr. Gardiner). The scheme was first announced by the Minister of Agriculture and then by Premier Patterson. This letter followed with respect to working it out:

There are apparently a number of matters which will require investigation, and perhaps adjustment. However I am convinced that for reasons which will be apparent to you any write-offs which are made must be confined to loans made for relief and seeding assistance in the drought area. For this purpose the term "drought area" should be defined as consisting of the 156 municipalities which I understand were regarded as constituting the drought area in the agreement which has been reached between your province and the mortgage and loan companies.

Furthermore, I believe that the general principle to be followed should be that the dominion should cancel your treasury bills to the extent that the funds received therefrom by the province were loaned to farmers in the drought area either directly or through the municipalities, and the resulting obligations taken by the province are now being cancelled by the province.

I think my right hon. friend had an almost similar problem with respect to the cancellation of the former notes.

Mr. BENNETT: No, the commission took those notes, not the provinces.

Mr. DUNNING: The letter continues:

I am prepared to recommend to my colleagues that action be taken by the dominion in the above sense when appropriate assurance has been given of the action taken by the provincial government and the mortgage and loan companies.

You understand, of course, that it will be necessary for the dominion government to introduce legislation at the forthcoming session of parliament to authorize action on the part of the dominion in this regard, and it is therefore of the utmost importance that the principles on which the legislation is to be based should be determined as soon as possible so that we may proceed with drafting.

I have referred to the details of the negotiations. The dominion minister who was responsible for negotiating from the dominion's point of view was the Minister of Agriculture. In respect to anything having to do with that phase of it the minister is now here and will I know be glad to give any information he can.

Mr. BENNETT: Is that the whole letter?

Mr. DUNNING: Yes, the whole letter.

Mr. PERLEY (Qu'Appelle): That is dated prior to the announcement made by the Minister of Agriculture, of course.

Mr. DUNNING: No, it is after that. The announcement was made in September. This letter is dated October 24.

Mr. PERLEY (Qu'Appelle): Was Premier Patterson aware of the announcement to be made by the Minister of Agriculture—at Calgary, I think, was it not?

Mr. GARDINER: No, the announcement was made in Regina, on the day the conference was held at the parliament buildings at Regina between representatives of the loan companies and representatives of the government of Saskatchewan. I spoke that day at the Canadian Club luncheon. We discussed the matter all forenoon and I made the announcement at the noon hour.

Mr. PERLEY (Qu'Appelle): I was under the impression that the minister made the announcement in Calgary.

Mr. GARDINER: No, I made the first announcement in Regina. I also spoke of it in Lethbridge and Edmonton. I discussed it with the government of Alberta in Edmonton two or three days later.

Mr. BLACKMORE: Was the minister invited into Saskatchewan for that occasion?

Mr. GARDINER: As a matter of fact negotiations in connection with debt adjustment in the western provinces had been going on for about two years prior to the time final

conclusions were reached. Discussions had also taken place at Ottawa. I do not know personally whether any discussions took place before the present government was formed, but since then from time to time, as provincial ministers were in Ottawa and as representatives of mortgage companies and banks and municipal organizations were meeting with us, the question was brought up and discussed. The final discussions here before I went west took place early in September, in the office of the Minister of Finance. By arrangement between the provincial government and the creditors concerned a conference was held in Regina, and I attended that conference representing the government of Canada. All the members of the Saskatchewan government were present, and representatives of the creditors.

Mr. BLACKMORE: Was any effort made on the part of the Alberta government to negotiate with the minister at the same time, or were they neglecting it and only Saskatchewan's representatives prosecuting it?

Mr. GARDINER: There never were any representations made by the Alberta government to the present dominion government with regard to any form of debt adjustment which involved cooperation from here. But after meeting the representatives of the mortgage companies and discussing the matter, even before I came down here, I discussed the matter with the municipalities, and discussed it shortly with them while I was in Regina on the occasion referred to. I was in Alberta also and I took occasion to meet the government in the council chamber of the parliament buildings at Edmonton, and indicated to them what was being done in Saskatchewan. I did not suggest to them that they should follow any line of policy in connection with their debt adjustment matters, but indicated what was being done in Saskatchewan, and I think they have been fully aware of it from that time to this.

Mr. PERLEY (Qu'Appelle): I am under the impression that the scheme in detail as we have it laid out here was announced by the Minister of Agriculture in Edmonton after the Canadian Club meeting in Regina. I remember well the headlines in the western press. When he made this announcement a great many people in Saskatchewan were surprised that the premier of Saskatchewan had not made the announcement at the same time. The premier of Saskatchewan I think made his announcement the following day.

Mr. GARDINER: The details of the arrangement were announced by Premier Patterson I think the same day that I was in Edmonton. But the general trend of the arrangement was announced previously. A proposal of that kind was discussed for eighteen months in Saskatchewan before that announcement was made, and most of the people of Saskatchewan were fairly familiar with it. There was an arrangement working in Saskatchewan for at least twelve months prior to that, which takes in part of the present understanding that exists as between the two governments and the creditors. A proposal similar to this was made very early in 1935, I think about March or April, by the provincial government to the creditors. But at that time the creditors did not feel that they could go as far as the government was asking them to go, partly because they had to show on their books for their annual statement at least two years' back interest, in order to show a balance which did not endanger the position of some companies.

The proposals had then been considered fairly fully, and as a result of the discussions an arrangement was entered into whereby the mortgage companies agreed to go into three municipalities in Saskatchewan and indicate to the people of those districts the extent to which they were prepared to reduce the claims which those companies had against individuals in those municipalities. The municipal councils were called in and they agreed to forego taxes to a similar amount, and the provincial government came into the picture and agreed to relinquish any relief claims, and other amounts such as provincial revenue taxes that were due from the municipalities, or individuals in the municipalities to the provincial government. That had been working all the summer of 1935 and on into 1936. I think some twenty municipalities in the drought area had been dealt with in that way. So that the negotiations that started in September, 1936, were for a return to the original suggestion. Suggestions for the opening of those negotiations came from the province and the creditors to the federal government, asking the federal government to release debtors in the area from any amounts that might be owing to the federal government.

I have the map before me, but I do not think the figures are actually on it as to the number of municipalities. Speaking however from memory I think there were 158 that came under the scheme which has just been outlined by the Minister of Finance. In addition there are eighteen that are still being dealt with under the previous arrangement. That is, the creditors and the province go into those municipalities and arrange for debt adjustment more or less on a blanket scale

within the municipality. Meetings are held between the local government board of Saskatchewan and the municipal councils and representatives of the creditors before those adjustments are made.

Mr. PERLEY (Qu'Appelle): Would the eighteen municipalities include those which are considered as in the semi-drought area?

Mr. GARDINER: Yes they would. I can give the numbers if the hon. member desires.

Mr. PERLEY (Qu'Appelle): We would not be able to identify them by the numbers.

Mr. GARDINER: There are three south of Moosomin; one south of Grenfell; one directly south of Regina, that is No. 99 just on the border of the heavy lands; there are two just east of Saskatoon; one just south of Elrose, and ten south of Battleford, making up the eighteen.

Mr. PELLETIER: The Minister of Finance stated a moment ago that he considered that these debts were really not very good debts—he called them bad debts—and that he felt he could assist the province and the municipalities by cancelling the amounts which were owing to the dominion government either by the province or the municipalities, which must in turn come from the farmer. If I understand the position it is this. A farmer owning a quarter section would have certain indebtedness against it, such as taxes due the municipality, relief received from the provincial government and assistance given by the dominion government. On top of all this the farmer owed money to the mortgage companies. As the claims of the municipalities, the province and the federal government took priority to the claims of the loan companies, it seems to me that the only logical conclusion we can come to is that the government have bettered the position of the mortgage companies and at the same time have destroyed any possibility of return to the governments on account of these bad debts. Instead of improving the condition of the farmer in Saskatchewan, it seems to me, following the matter to its logical conclusion, that we have turned him over to the mercy of the private loan companies, and at the same time destroyed whatever opportunity there might have been for future cancellation of his debts. That is done simply because of the fact, which cannot be denied, that the claims of the municipality and of the provincial and federal governments were prior to all claims held by any bond company. The final result therefore has been that you have helped the scheme of the loan companies, and at the same time lost a great deal of revenue.

Mr. DUNNING: The hon. member is entitled to his opinion.

Mr. PERLEY (Qu'Appelle): Would the minister give us the opinion of the association of rural municipalities? I believe they have made representations to the government along the lines expressed by the hon. member.

Mr. GARDINER: Mr. Chairman, I would not attempt to give the opinion of the council of the association of rural municipalities in this particular matter. The council of the association probably raised some objection as to the extent to which they had been consulted in the matter, and probably they had some grounds for their objection at the time the arrangements were entered into. But they had been consulted earlier, and I believe they are fairly well satisfied with the general working out of the scheme. They may have some objection with respect to details.

Answering what has been said with regard to the general position, I think it is well to have in mind, in so far as it is possible to do so, what actually does happen under the scheme. Mortgage companies write new agreements under which any arrears of interest down to January 1, 1935, are eliminated from the agreement previously held. In some cases additional adjustments are made with regard to principal.

Mr. BENNETT: There is no obligation.

Mr. GARDINER: They are not required to go further under the agreement; but there is nothing in the agreement to prevent loan companies or other creditors from going further than the agreement provides.

Mr. PELLETIER: Have they done so in many instances?

Mr. GARDINER: Yes, in many instances they have done so.

Mr. BENNETT: They have done so under the Farmers' Creditors Arrangement Act.

Mr. GARDINER: Yes, and under the debt adjustment legislation of the province. I think, too, it should in fairness be said, because it has actually happened, that in many cases without coming before any tribunal set up either by the province or the dominion creditors went out and made very important adjustments of debt all through the drought area of Saskatchewan.

The present arrangement makes necessary debt adjustments on the part of the municipality, the mortgage companies, the provinces and the federal government. The provinces have gone into the matter more carefully than we have been in a position to do, and in so far as provincial and municipal amounts are

concerned they are in a better position to know the facts. They estimate the interest on first mortgages and agreements of sale at $21,500,000.

Mr. DUNNING: That is the amount that has been cut off?

Mr. GARDINER: Yes, that has been cut off. Then, the municipal taxes are estimated to be reduced by $8,325,000; school taxes by $6,300,000; telephone taxes by $1,800,000; public revenue tax and wild land tax by $2,475,000; municipal hail by $1,800,000. That makes a total of taxes of one kind or another including municipal hail, school, provincial and telephone of $20,700,000. So far as relief is concerned, the provincial government has wiped off about $5,000,000, and the proposal here for the federal government is, in round figures, about $18,000,000. That makes a total of $65,200,000.

In addition to that, it is estimated that the lower rate of interest results in an annual cut-off of $4,000,000. Of course, over a period of ten years, multiplying the figure by ten you get $40,000,000; but just for the one year it is $4,000,000. I have seen estimates which ran as high as $100,000,000, but that includes the $4,000,000 per year for the ten years. If we take the actual amounts wiped off on the day this comes into effect we get the figure of about $65,200,000. Out of that the federal government is dealing with about $18,000,000.

I do not know that it is just fair to all parties concerned to leave the impression that all the amounts owing the governments stood in a position ahead of the first mortgage. Probably they did technically, but in actual practice they very seldom did. As a matter of fact, most of those who owed debts to the extent these people did expected the governments to step out of the way and allow them to make their payments to other creditors. Municipal governments, provincial governments, and perhaps to a lesser degree the federal government were in a position where they practically had to do that. So that it is hardly fair to say that these amounts were in a position of preference over the creditor who held the first mortgage. I think the better way to put it is that the creditor who held the first mortgage, the creditor to whom taxes were due, and the federal government co-operated for the purpose of reducing the indebtedness of persons, in so far as it was possible to do so, for amounts for which they were involved through no fault of their own. That was the principle underlying it.

In 1930 these people owed a certain amount of money, and from 1930 on they have had no crops. The governing bodies and the mortgage companies thought it was somewhat unjust to ask individuals in that position to pay the full amount of interest which had been piling up in those years in which they had no opportunity to pay and for which they received nothing. That was the main reason behind the wiping off of the interest. The municipalities were asked to take the same position with regard to taxes, and I believe I can say that the great majority of them were more than willing to do so. The provincial governments were asked to do the same thing in connection with relief amounts and public revenue taxes; and the federal government was asked to deal with the one thing in which they had had an interest, namely, the amount of relief which had been put on during those years, and the amount of seed grain which had been issued. But it does not deal at all with seed grain from January 1, 1935, to the present.

Mr. PELLETIER: I should not like to leave the impression that I do not approve of any procedure which would reduce the debt of the farmer in western Canada. My views in that connection are well known. I believe that anything we do to help them is simply helping ourselves in the long run. But the point that has not been made clear is this: I asked a definite question of the Minister of Finance and he replied simply that everybody is entitled to his own opinion.

Mr. DUNNING: I did not understand that the hon. member was asking me a question; I understood him to be stating his own views. If he will restate the question I shall try to answer it.

Mr. PELLETIER: Does or does not the minister agree with me that the taxes against these lands, as well as other evidences of debt held by the various governments, were prior to the claim of the mortgage companies?

Mr. DUNNING: The Minister of Agriculture has just answered that question.

Mr. CHURCH: Ever since the present Minister of Agriculture has been in the house he has been getting preferred and special treatment for his province. A royal commission has been appointed to investigate in all the provinces these very matters. If we do not look out we are going to have another problem like the railways; we will be paying forever like the railways the deficits of bankrupt provinces. Nearly $19,000,000 treasury notes of active assets are being transferred to non-active assets. It is upon such things as this that the credit of the country is based. The financial institutions base their credit advances to the government upon these things.

In one sweep about $19,000,000 of these treasury bills are being transferred into non-active assets.

The Minister of Agriculture (Mr. Gardiner) was premier of Saskatchewan for many years. The other day he presented a bill providing for the payment of $10,000,000 for a drought relief program down to 1940. The people in Saskatchewan are not the only ones who are suffering. How is it that no provision is being made for the other provinces? How is it no mention is made of Alberta, British Columbia and the maritimes? I have been trying to find out what is to become of the two industrial provinces and what is their place in confederation. They are the principal taxpayers and there is no reason why these other provinces should receive preferred treatment in advance of the report of the royal commission. If we go on like this there will be little left for the royal commission to investigate. I am not objecting to reasonable treatment being given to Saskatchewan, but we are being asked to provide $18,000,000 as the dominion's contribution to a program of re-adjusting the indebtedness of farmers living in the drought area of that province. Have any banking experts, outside of those in the Bank of Canada, reported on this matter? The Bank of Canada made a report which was laid on the table the other day.

This is hitting at the very roots of confederation. The industrial provinces of Ontario and Quebec have been carrying the peak load of taxation to such an extent that unemployment has resulted. They can no longer carry the burden of debt. These active assets are being turned into non-active assets on the books of the treasury department. This program involves appropriate adjustments in debt or tax claims on the part of the provincial government, the municipalities, and certain mortgage lending institutions. It provides that these treasury bills are to be transferred in the books of the Department of Finance from "active assets" to "non-active assets" as of March 31, which is to-morrow. They are to be written off and cancelled.

Other municipalities in central Canada are carrying tremendous loads of taxation. Some of the people are starving and yet we cannot get one cent from this parliament. I suggest that we change our name and call ourselves the parliament of Saskatchewan. Saskatchewan appears to be the only province that can get any relief, due mainly to the fact that two or three ministers, including the Prime Minister, represent that province. We wrote off the debts of Saskatchewan in connection with our railroads, the stabilization fund, and the relief for drought areas. We are being asked to maintain protection for that province. The Minister of Agriculture has been a free trader first, last and always. The free traders have stated that the enemies of the prairie provinces were to be found east of the great lakes, not west of the great lakes. They were referring to the industrial provinces, from one of which you come, Mr. Chairman.

This is a peculiar way of financing. There has been some criticism in the old country as to our method of financing. I cannot see why Saskatchewan should receive this preferred treatment when similar treatment is not being given to Alberta, British Columbia, the maritimes and the central provinces. Why is this one province singled out for preferred treatment? This emergency has been taken care of by another statute. All I can say is that we are stirring up a lot of trouble for the future. We should wait until we have the report of the royal commission. The government is simply relying on the single report it has. I am surprised that this sort of thing is being done by the government of the day as a gesture toward one province.

Mr. PERLEY (Qu'Appelle): Mr. Chairman, there is no doubt that if this adjustment had not been made, many farmers in this area would not have been able to carry on. When this adjustment is made the securities held by the loan companies will be worth something. Reference has been made to the writing off of the relief notes taken by the commission. No adjustment can be fair and equitable if consideration is not given to this phase of the matter. Many people who took relief have since paid it back. Many people in Saskatchewan were forced to go on relief against their will, but they have managed to pay back what they were advanced. I believe that some adjustment should be made in these cases. In other cases the advances are being written off, and those who made an honest effort to pay back what they were advanced now find themselves in a different position. Has the minister received any requests to have adjustments made along this line?

Mr. GARDINER: That is a provincial matter. So far as this government is concerned, they would not be a party to any adjustment made in that regard. Where the province collected cash, it has been returned. I would not say that that is so in every case, but that is what has happened where applications have been made. When I left the province these payments were being returned. Either the present leader of the opposition or the then minister of finance, speaking from this side of the chamber three years ago,

stated that where cash had been collected—up to that time I think it was only $8,000—it would be returned. The provincial government has attempted to carry that out. Where cash had actually been collected, cash was in the process of being returned at the time I left the province.

Other cases which gave more difficulty were those where the municipalities had permitted persons to work out on the roads the amount of the grant. If I remember rightly, an objection was raised at that time by the Minister of Finance. He claimed that they were actually using moneys supplied by the federal government to pay taxes in the municipalities, which was really not a proper thing to do with funds provided for relief. This has been got around to some extent by the provincial government allowing substitutions to be made for road work done within the municipalities. As is well known, according to the system they make road grants to the municipalities. They are trying to make some adjustment by relating this matter to the grants that are paid. I am not familiar with all the details because this has been carried on since I left the province.

Mr. PERLEY (Qu'Appelle): I know of several cases where the relief was worked out, and these particular parties are very annoyed about the matter; no adjustment has been made so far as they are concerned.

Mr. BENNETT: This is a most extraordinary transaction. It does seem to me that to do this in the estimates, instead of by a bill, violates every rule of responsible government. I was amazed when I found by a study of the details just what is involved. I listened with care to the explanations that have been given by the Minister of Finance (Mr. Dunning) and the Minister of Agriculture (Mr. Gardiner). What have we? In the ultimate analysis this is what happened. The dominion government advanced money to the province of Saskatchewan, for which it received the treasury notes of that province. Those loans carried interest at various rates. When the interest fell due, the province did not pay, but gave treasury notes for the interest thus due. Altogether the moneys amounted to a large sum, none of which was expended by the federal government, but was spent for various purposes by the provincial government. There were some checks with respect to the matter, and certain difficulties were experienced.

Let me point out that the notes to which reference has been made in connection with relief were notes about which the federal government did not, at the start of things, know anything at all. Although I am seldom surprised at anything that transpires in connection with relief matters, when I was told that some people who were receiving relief could not bring themselves to accept it unless they gave notes for the amounts advanced, I thought very highly of my fellow-citizens, and admired them for their high standard of obligation to the state. I supposed that the notes they had given were held by the commission. But we took the view, as we were advancing these moneys without getting notes from Saskatchewan—at the time we were not given anything by Saskatchewan—that this was a national obligation. On July 1, 1931, I made the statement, standing in my place on the other side of the house, that we would treat the situation in that province as a national disaster, and we at once proceeded to advance money from the dominion treasury for the purpose of taking care of that national emergency. We never expected to get notes back, nor did we anticipate that the people who received the money would give notes. But other transactions immediately arose, and among them, applications by the province of Saskatchewan for loans for many purposes. For example, they applied for money to lend to municipalities. Rightly or wrongly, we did make advances to the province, and the responsibility for having initiated that policy rests not with the present administration, but with the old one. The government advanced the money to the province, and the province lent funds to the municipalities and used the money in various other ways. But I repeat that so far as the relief which we extended in 1931 was concerned, it was provided in face of what we regarded as a national emergency. We never expected to get it back; it was a free gift of the Canadian people to the citizens of Saskatchewan, who had been without a crop for many years and found themselves in a position bordering upon absolute ruin. That part of it is simple. From that time on we advanced money and took treasury notes.

Mr. DUNNING: Until 1934-35.

Mr. BENNETT: Yes. In 1934-35 the question came up in connection with seed grain, which is another matter altogether.

Mr. DUNNING: The whole thing, from 1934-35.

Mr. BENNETT: No, the federal government never made advances to the municipalities for relief.

Mr. DUNNING: No, but to the province.

Mr. BENNETT: Exactly, to the province but not to the municipalities.

Mr. DUNNING: No.

Mr. BENNETT: As far as I know there never was a time when we undertook in any sense to advance money to the municipalities.

Mr. EULER: Was there not an advance to Winnipeg?

Mr. BENNETT: No, that was done through the province. In no case did we make an advance to a municipality. As regards Winnipeg, since the Minister of Trade and Commerce (Mr. Euler) has mentioned it, an agreement was made whereby certain public works were to be constructed, including, latterly, a sewer, and the federal government made a grant for labour costs up to a certain sum of money—I think it was $80,000.

Mr. EULER: That would not go through the province, would it?

Mr. BENNETT: It went through the province, yes.

Mr. DUNNING: The whole Winnipeg transaction went through the province. In that case it was intended for a specific municipality.

Mr. BENNETT: Oh, quite; as it was, in Alberta, for Calgary and Edmonton.

Mr. GARDINER: Regina and Saskatoon.

Mr. McCANN: And in Ontario, too.

Mr. BENNETT: Yes, and Nova Scotia. Rightly or wrongly, the position was this: The provinces made applications and said they were prepared to carry on during the year undertakings at a certain point, if the federal government would advance them certain sums of money to enable them to pay their share, and make a contribution as well. This we did. I am not going into the details. It suffices for my purpose to say that any moneys which went in Saskatchewan to farmers for any purpose did not go direct from the federal government, and there were no contractual relations between the government of Canada and individuals in that province.

Mr. DUNNING: That is right.

Mr. BENNETT: That is the position. Nor were there relations with municipalities except in so far as it might be said that the agreements made with the provinces mentioned the names of municipalities which were beneficiaries; but that was not a matter direct between the municipality and the crown in right of the dominion. All that the dominion did with respect to Saskatchewan was, first of all, to discharge its contractual obligations to the province in connection with public undertakings such as road work and work done in urban municipalities; and secondly, to loan the province on its treasury bills sums of money to enable it to function as a government. Things got as bad as that, that the province did not have revenue enough to enable it to function as a government. I remember the criticism that was made at that time by some of my colleagues—unjustly, as it seemed to me. I realized that we had to advance money to Saskatchewan to enable it to carry on as a government because its revenues were so small that it could not even pay salaries. Agriculture was the basis of its ability to collect money, and where there was no agriculture there was no taxation whereby they could get revenue.

At any rate we continued to advance money for which we received treasury bills, and bills were also given for the interest, because the province was unable to pay the interest when it came due. It endeavoured to float securities, and did so by means of a bond house in the east. I objected to the terms of the prospectus under which the securities were sold, because, as I stated, and I still maintain the opinion, from looking at the prospectus it seemed that there had been no default, when as a matter of fact they had not paid the interest on the loans made by the dominion except by compounding the interest and giving new treasury bills.

Mr. DUNNING: In part.

Mr. BENNETT: No, it was in whole, at that time.

Mr. DUNNING: In part. They have paid some interest.

Mr. BENNETT: I am glad to hear that.

Mr. DUNNING: My right hon. friend's statement is, in general, true.

Mr. BENNETT: I am talking about the time I was in office.

Mr. DUNNING: The province right through paid some interest, although not much, in cash.

Mr. BENNETT: Certainly nothing was paid with respect to many notes that came due.

Mr. DUNNING: Right.

Mr. BENNETT: And thus compound interest was set up.

Mr. DUNNING: And is going on still.

Mr. BENNETT: That is the position. It is not quite correct for the Minister of Finance to say that I looked on this as a doubtful asset. For one thing, we had the amount awarded to the province of Saskatchewan by

the commission, which would go to extinguish the debt pro tanto. In addition, we believed that when better conditions returned Saskatchewan, with a population the third largest of the provinces in confederation, would be able to pay its obligations. Certainly I was still an optimist with respect to all of the western provinces.

Now we are confronted with a situation in which, with a multiplicity of detail, we are to cancel part of that debt in the case of Saskatchewan and of Manitoba.

I submit at the very start that this should have been done by a bill. To do it in this way, by means of an estimate, as a particular of an estimate, is wholly wrong and violates the essential rules which we laid down in connection with the Canadian National. Why is it that we discontinued certain practices in connection with the Canadian National and introduced bills? Because it was felt that the other course was wholly unsound and that there should be a bill setting out the conditions. Let us look at this and see what we have. We have in an estimate, in fine print, these words:

To authorize—as the dominion's contribution to a program of adjusting the indebtedness of farmers living in the drought area of the province of Saskatchewan which program has been sponsored by the government of that province and involves appropriate adjustments in debt or tax claims on the part of the provincial government, the municipalities and certain mortgage lending institutions—the writing off and cancellation of certain treasury bills of the province held by the dominion, provided (1) that said treasury bills be transferred in the books of the Department of Finance from "active assets" to "non-active assets" as at March 31, 1937.

That is to-morrow. If the minister will look up his precedents he will find that this is something that should never be done as part of an estimate; it should be done by direct and unequivocal legislation. What we have done is to take part of the debt of Canada and, describing it as an active asset yesterday, declare that the day after to-morrow it shall not be; and the Department of Finance, by something contained in an estimate, is instructed to change on its books the status of its securities. It goes on:

(2) that final writing off and cancellation of said treasury bills be subject to the approval of the governor in council—

Now listen to these words:

—and in accordance with such terms and conditions as he may approve, including the nature of the evidence to be submitted as to the adjustments made by the provincial government, the municipalities and the mortgage lending institutions aforesaid.

[Mr. Bennett.]

That, I submit, should be a matter of statute. It should not be left to the elastic attitude of mind of a purely political body; it is too serious a matter to be dealt with in that way. It demands in my judgment rigidity of treatment by statute, and the statute should be clear and unambiguous in the statement of the terms and conditions under which it should be done.

and (3) that the amount of treasury bills to be written off and cancelled shall not exceed the amount advanced by the dominion government to the provincial government by way of loan to assist in financing expenditures incurred for relief, seed grain, and seeding purposes in the said drought area during the period from May 1, 1931, to January 1, 1935, plus such accrued interest thereon as has been capitalized, and shall not in any case exceed in the aggregate the sum of $17,959,606.51.

Now all that, I repeat, should be the subject matter of a statute. It seems to me to be reasonably clear that that is so, for reasons that are public in their character. You are dealing with the country's assets and you should not leave it to a little note of appropriation in the supplementary estimates. There should be a statute embodying the conditions under which possibly $17,000,000 of promises to pay in the province of Saskatchewan become of no value at all and are written off. The right to do it is one of the functions which the government cannot exercise without legislation. This legislation is in the nature of a statute and has the effect of a statute, being embodied in the supply bill, and when it is assented to it is to all intents and purposes a statute of Canada known as the supply bill. That is all I have to say in that respect. I am satisfied that it is a very dangerous precedent to establish, to deal as we are doing here with a matter of this character involving relations between a province and the dominion—not a corporation created and set up by the dominion, but one of the sovereign states of the country, a province. We are dealing with the matter in a way which is contrary to sound parliamentary practice in any event.

The second point is what the effect of this is. The effect is that the sum of money advanced by the Dominion of Canada is wiped out; it is no longer a debt; and in the process the municipalities abandon taxes; the province abandons its claim for taxes, and other rights it has against individual farmers' lands; and the mortgage companies abandon interest up to a certain point, while as a matter of law, as a matter of contractual obligation, they retain their right to their principal. And pro tanto their securities improve by reason of this transaction.

The answer suggested by the Minister of Agriculture is, however, a complete one. It is this, that if drought continues they have no value anyway. That is the obvious answer. Personally I should have preferred to see the action taken when it was demonstrated that the position had become such as to warrant some hope for the future. I cannot see that because we hope that a certain condition has ended, we are warranted in taking an extreme position which will at once create a new situation for the lenders of money, whereby their security will become enhanced in value to the extent to which the claim for taxes has been abandoned and the claim for relief and seed grain, if it stood in the name of the crown, has ceased to exist. That is the effect; there is no getting away from it.

It is certainly desirable that some action of this kind should be taken. When the Farmers' Creditors Arrangement Act was passed the purpose was to keep the farmers on the land. It was passed to enable a body presided over by a judge to formulate proposals that did involve the cutting down of principal on the part of the lending institutions.

Mr. DUNNING: It involved the possibility.

Mr. BENNETT: It contemplated the possibility, and that statute was framed after a conference in the office of the Minister of Finance over which I presided. The lending companies of the country were present and we outlined the proposals to them, and when the bill was finally settled the section that has given so much trouble—I do not claim any credit for the authorship of it—was written into it by myself and sent to these people as it was introduced into parliament. That was done in order that they might see it as it was introduced into the house. Some of them complained that it conferred too large a power on the judge, and I am bound to say that some of the decisions of the judges defy description. I cannot use any word that explains my reaction to them, for some of them I cannot understand at all. They are at variance with the principle on which the whole act was framed, and reach a conclusion which certainly is not warranted. I propose to discuss the point further when the estimates are before us in that connection. Down in Prince Edward Island they have appointed a lot of inspectors who are paid fees and they are drumming up business.

Mr. DUNNING: Under the Farmers' Creditors Arrangement Act?

Mr. BENNETT: Yes.

Mr. DUNNING: No, there are no inspectors.

Mr. BENNETT: That is not the title. There is an official receiver and he is drumming up business. I can give instances. Now obviously with such a thing going on in a province like Prince Edward Island, an extremely difficult situation is bound to develop.

Mr. DUNNING: That is one of the abuses that were complained of when I first took office, and I took the strongest action possible in all such cases. If my right hon. friend will give me the particulars, I can assure him that the administrator of the act comes down very hard on such abuses; in fact, men will be dismissed who do that sort of thing.

Mr. BENNETT: An appointment made in Prince Edward Island would not seem to indicate that appointments are based in any way upon merit. I shall speak to the minister about that matter personally; it involves the appointment of a man of whom one may read in the law reports, who at one time was a member of the legal profession. That is quite beside the question, however.

I only desire to point out that the effect of this is to accomplish a purpose to which this parliament gave its assent when it passed the Farmers' Creditors Arrangement Act. This is an arbitrary accomplishment of that end. It involves possibilities that are very great, having regard to some recent history. That, I think, is one of the difficulties that any reasonable person would say should have been avoided by a statute, because this is a statute, but it is a statute in which the terms and conditions are not adequately or clearly stated. They are left to the governor in council.

If the goverment are interested in the matter, some time they might look up the statutes that have been passed since they came into office. Look at the powers that have been left to the governor in council; count them, and I am sure they will come to the conclusion, which will delight them, that never has such power been left to the governor in council as since this government came into power, bearing in mind the number of occasions upon which the governor in council has been vested with discretion. In the end it is left to the governor in council to determine the terms and conditions, and also the nature of the evidence to be submitted in connection with the adjustments to be made. That is why I asked as to the number of cases. I thought probably in different municipalities the government would have ten, twenty, thirty, a hundred or two hundred, so they could say there were X cases involving the amount of money that

has been mentioned by the Minister of Agriculture, for relief and various forms of taxation. It appears that the taxation which has been remitted on the one hand amounts to about $20,200,000, while the amount remitted by us is in the neighbourhood of $17,000,000. I am only too glad to see any arrangement that can be made that will encourage the people in that area once more to look to the future with hope. But they have no money with which to put in a crop, and somebody has to find the money to enable them to put in a crop this year.

Mr. DUNNING: The Prime Minister announced that legislation would be introduced.

Mr. BENNETT: But that means that once more the land will be charged with the payment of the money for the seed, for the sixth or seventh year. That in itself is a reason why we might hesitate to take this action at this moment. Now the provincial government is going to find the seed again, and the provincial government can only do that if we assist them by some means, direct or indirect. When that is done and the seed is sown, we are once more at the mercy of the elements, but in the meantime we have written off $17,000,000 of our assets.

In view of the fact that a commission is being appointed that we hope will deal with the whole problem of the relations between the dominion and the provinces, it seems to me that by agreeing to write off $17,000,000 in the case of Saskatchewan we have certainly invited the other provinces to make demands to the same end, and have given cause for the very sort of observation that was made by one of the members from Toronto this afternoon, namely that the burden is being borne by those in central Canada who very largely contribute the taxes of the country. That is a position which I think the government and everyone else having in mind the interests and welfare of the west are endeavouring to avoid; but those are the facts.

I can only add that I am wholly sympathetic to the idea that we must deal with this situation on a proper basis. The Farmers' Creditors Arrangement Act was passed to enable that to be done, and it has been, and is being done in every province of Canada. In addition to that, by our arbitrary act as a mere item in the supplementary estimates, we have provided for the remission of part of our assets, consisting of debts owing by one of the provinces, on terms that involve the surrender by the province of taxes which cannot be collected unless there is a cessation of the drought. It is admitted on all sides, as I understand it, that neither schools nor municipalities can be maintained unless there is a crop within these areas.

Mr. DUNNING: I will go further than that and include provinces.

Mr. BENNETT: I follow the minister; I think perhaps he is putting it somewhat stronger than I had thought was warranted by the situation, but the minister has studied the matter more closely than I have.

Mr. DUNNING: In its recent manifestations, I mean.

Mr. BENNETT: In the minister's view it means the disintegration of the provinces.

Mr. DUNNING: I would not say that, but their self-maintenance in the ordinary sense.

Mr. BENNETT: Yes, that they cannot function as provinces. That is even stronger than I had put it. In these extraordinary circumstances, while extraordinary remedies must be resorted to, I think it should be done in such a way as at least to preclude the possibility of this step being regarded as a precedent that would be injurious to the general national well-being and leaving the impression that in time of stress moneys loaned to these two provinces by the dominion need never be expected to be repaid. The effect of this, of course, will be to make it much more difficult to realize on the remaining obligations of the provinces to the dominion. Certainly it places the province of Alberta in an invidious position. Because they saw fit by legislation to cut interest rates and deal with their problem in another way, that is now treated as a reason why they should not share in the surrender of a part of their debt.

Mr. DUNNING: Oh, not at all.

Mr. BENNETT: The fact is that there is no legislation that warrants a portion of their debt being treated as a non-active asset.

Mr. DUNNING: Not at present.

Mr. BENNETT: That means there is no power; therefore they must pay if they are able, whereas the other provinces need not. The answer is that the province of Alberta dealt with its situation in another way. That method has been declared illegal by the courts, and an appeal has been taken. But that is no reason why the federal power should treat one of the three provinces in a different way and deprive it of the benefits which accrue from the surrender of a part of the debt which they created, in lesser amount per capita than one of the other provinces, and

which was expended, as the records indicate, not for agricultural purposes wholly, because it is not so great an agricultural province as its neighbours, but in other ways as well. Alberta has within its borders two large municipalities and a third of rather commanding proportions. They had to meet this situation: It was a case of either hunger and worse or they had to borrow the money to enable them to assist in the relief of the people within their province.

Under those circumstances I think the legislation should have been general in its character and should have enabled the dominion, under fixed conditions, to deal with this situation, in which active assets of the country were cancelled. I find it a little difficult to understand why we should say that an active asset becomes non-active and then say we cancel it. There is no difference between cancelling a liability that is non-active and a liability that is active. Probably, I take it, that means that it pays interest no longer; is that the idea? Of course, making it a non-active asset cannot destroy the contractual obligation of the province to pay interest. You must have either a surrender of the security or an abandonment of the interest, which this does not contemplate except with respect to the contingencies that are the basis of the operation.

I confess that I find it difficult to follow all the ramifications of the situation. I have had no difficulty, however, in following the explanation given as to what is to be done. I think it is somewhat more difficult to say that it is based upon a sound reason. I find it much more difficult to say that it is a proper method to follow to deal with the situation, merely to mention it as an item in the supplementary estimates rather than to embody it in a statute, in which the various contingencies that are contemplated might be dealt with properly.

Mr. DOUGLAS: I should like to ask the Minister of Agriculture a question with reference to the voluntary debt adjustment. In entering into this agreement did the federal government make the cancellation of these obligations dependent upon any action by the mortgage and loan companies with reference to their obligations?

Mr. GARDINER: The whole arrangement was entered into at the gathering which I described a moment ago. The intent, of course, is that the carrying out of one party's obligation is conditional upon the other party's doing likewise, although there was no pressure required or anything like that. It was a cooperative arrangement, but it is conditional on all parties carrying it out.

Mr. DOUGLAS: Were the loan companies represented at the meeting to which the minister has referred?

Mr. GARDINER: Yes.

Mr. DOUGLAS: And at that time was the standard renewal agreement introduced?

Mr. GARDINER: Yes, that matter was discussed. The agreement was not there, but at that meeting it was agreed that there should be a standard agreement, which has been drafted since.

Mr. DUNNING: I should like to add just a word. I desire only to remark on one phase of what the right hon. leader of the opposition brought out, if he will be good enough to listen to me. This is a very complex and difficult problem, not merely because of its present position but because of the sequence of events created by succeeding years of difficulty, in connection with which the government headed by my right hon. friend brought to bear its best judgment, I believe, in the circumstances prevailing at the time. But the various obligations created during those years differed in character because of the different policies adopted. My right hon. friend has mentioned that in 1931 the situation was dealt with through the medium of a commission.

Mr. BENNETT: A commission appointed by the province.

Mr. DUNNING: Quite so. As far as relief for that year is concerned, after a great deal of grief we can say that 1931 is practically out of the books of the finance department.

Mr. BENNETT: And there has been no repayment.

Mr. DUNNING: None from the province, and no security was ever taken from the province.

Mr. BENNETT: Nor asked.

Mr. DUNNING: Quite. Then we come to the following two years, during which sums were loaned to the province and treasury bills of the province taken as security. Then we come to 1934-35. In the circumstances prevailing in that year my right hon. friend decided upon another course. He decided to advance moneys to the provinces, which were to be accounted for; in the meantime taking their treasury bills, not in the same sense

that they had been taken in previous years, but as security, I take it, for the due carrying out of certain methods that had been agreed upon between the two governments to meet the situation.

Mr. BENNETT: No, as promissory notes for loans made.

Mr. DUNNING: No, it is quite clear that it was the intention of the government to return the treasury bills with respect to 1934-35. I assure my right hon. friend that that is so.

Mr. BENNETT: They were to repay the money.

Mr. DUNNING: No, not with respect to 1934-35.

Mr. BENNETT: It divided itself into several branches, but loans that were made at the request of the province for definite purposes were to be repaid; that is, for the purposes of government, in various ways. Seed grain, for instance, to all intents and purposes was a gift.

Mr. DUNNING: But treasury bills were taken for it.

Mr. BENNETT: They were included in the treasury bills given for the whole amount.

Mr. DUNNING: And the great bulk of the treasury bills given that year were for advances which the government of the day did not contemplate ever would be repaid.

Mr. BENNETT: I would not go that far.

Mr. DUNNING: I think there is no question of that. In any case, what I want to point out is that the accounting and auditing with respect to 1934-35 has not as yet been completed to a point where we can carry out the arrangement made by my right hon. friend to give those treasury bills back to the province. So while with respect to that year there is on our books no loan charged against the province as such, but instead an accountable advance, yet in the debt of the province, when they have to account for their treasury bills in their public accounts, they have to show these treasury bills outstanding.

I indicate that in order to carry my right hon. friend's mind back to the time when he was wrestling with these difficulties himself, and to assure him that the drought of 1936 was more extended in area and affected more people than any previous drought. Coming on top of all that has gone before, it created a set of conditions which demanded strong action on the part of the government by bringing to bear all the force at its command to have an adjustment made of the indebtedness of individuals, which had grown entirely too large for the machinery of the Farmers' Creditors Arrangement Act to cope with at sufficient speed.

Mr. BENNETT: We had 330,000 people on relief in the winter of 1931, the largest number we ever had in Saskatchewan.

Mr. DUNNING: The Minister of Agriculture assures me that now there is a larger number of municipalities in the west on one hundred per cent relief than ever before.

Mr. BENNETT: The commission had some 330,000 on relief, as a maximum.

Mr. DUNNING: In any case my right hon. friend can appreciate the situation when I tell him that 1936 came after five years of drought, and the situation developed to a point where it was felt that all the force the government could bring to bear, by way of cooperation with other creditors, should be exerted to reduce this burden to reasonably manageable proportions. I agree that it has not yet reached manageable proportions from the point of view of the individual, and will not do so unless there is rain in western Canada in June and July. After all, that is the real point.

Mr. BENNETT: And quite a lot of people had left between 1931 and 1936.

The CHAIRMAN: Shall the item carry?

Mr. DOUGLAS: It is six o'clock, Mr. Chairman.

Mr. DUNNING: We are in committee; there are two minutes left, and if the hon. gentleman has a question he might ask it.

Mr. STEWART: In addition to what my leader has said with regard to the extraordinary character of this item in the estimates, I wish to point out that according to all our practice an estimate is an authorization for the expenditure of money for the specific purpose mentioned in the estimate. That, I think, takes this item altogether out of the category of an estimate, because this money has been spent. This is not a contemplated expenditure or the payment of money by this parliament. It is not an authorization of the payment of money for any specific purpose, as is the case with regard to the preceding items, which have to do with the construction of buildings and so on. An estimate contemplates and authorizes the future expenditure of money. This money was loaned long ago. This item

does not contemplate the expenditure of any sum of money by parliament. It seems to me that the argument of my leader has remained unanswered; I do not think any person has given an effective reply.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 60, for the relief of Ruth Jessica Kimpton Shiells.—Mr. Jacobs.

Bill No. 66, for the relief of Gretna Golden Laird Rankin.—Mr. Jacobs.

Bill No. 67, for the relief of Frank Horace Wood.—Mr. Sinclair.

Bill No. 68, for the relief of Edith Mary Bowers-Hill O'Hagan.—Mr. Jacobs.

Bill No. 69, for the relief of Isobel Jean Herbert Fleming Johnson.—Mr. White.

Bill No. 70, for the relief of Emilie Letsch Rutishauser.—Mr. MacMillan.

Bill No. 71, for the relief of Miriam Silverman.—Mr. Jacobs.

Bill No. 72, for the relief of Alice Mary Hickman Ings.—Mr. Jacobs.

WELLINGTON FIRE INSURANCE COMPANY

The house resumed from Tuesday, March 23, consideration in committee of Bill No. 50, to incorporate the Wellington Fire Insurance Company.—Mr. Macdonald (Brantford City)—Mr. Sanderson in the chair.

On section 6—Classes of insurance authorized.

Mr. TOMLINSON: Mr. Chairman, in the absence of the sponsor (Mr. Macdonald), who is unavoidably detained and unable to be with us to-night, I shall present to the committee an answer to the criticisms made by the hon. members for Broadview (Mr. Church), Winnipeg North Centre (Mr. Woodsworth) and Winnipeg North (Mr. Heaps).

In the first place, each of the two companies has in the past been carrying on a distinct business and they intend to do so in the future. It is true that certain directors of one company are also directors of the other, but I must point out that there are differences in the two boards of directors. In a few moments I shall place on record lists of the directors in each company. While certain shareholders are shareholders in both companies, taken as a whole the shareholders are entirely different. In each case we have made the applicants the same purely as a matter of convenience, having picked out as applicants five men interested in both companies. There is no thought of amalgamation of the two companies. Each wants to continue its own business under federal authority.

Their fields of operation are different. Both are provincial organizations, having obtained incorporation from the province of Ontario. In Ontario at the present time the Federal Fire Insurance Company carries on the business of fire insurance, plate glass insurance, residence burglary insurance, and liability insurance. In Ontario the Wellington Fire Insurance Company carries on the business of fire and automobile insurance. The only business these two companies have in common in Ontario is that of fire insurance.

The agency organizations of the two are entirely distinct. Each company to some extent has extended its operations beyond the province of Ontario; but there again they are quite different. The Federal Fire Insurance Company has extended its operations into Quebec and British Columbia; but in British Columbia it does business in only fire insurance and plate glass insurance. As an Ontario company it has had to maintain desposits under three provincial jurisdictions, and desires in its future operations, after approval by the federal authority, to come under one central control, namely, that of the superintendent of insurance at Ottawa. This will simplify matters a great deal for the company in extending its operations into other provinces in which it does not now operate. It also greatly simplifies matters from the standpoint of reporting as well as supervision.

The Wellington Fire Insurance Company has extended its operations beyond Ontario to the provinces of Quebec, Manitoba, Saskatchewan and British Columbia. In Manitoba, Saskatchewan and British Columbia it writes only fire insurance. In Ontario and Quebec it writes both fire and automobile insurance. Under its present provincial organization it has to make provision for deposits in all of the provinces in which it operates and, like the Federal Fire Insurance Company, desires to organize under federal authority and to bring itself under the supervision of one central authority, namely, that of the superintendent of insurance at Ottawa.

The Wellington Fire Insurance Company is one of the oldest companies operating in the Dominion of Canada. Its shareholders have neither the desire nor the intention of permitting it to amalgamate with any other company, but seek to attain the position of a company

operating under federal authority, under the jurisdiction of the superintendent of insurance at Ottawa.

I am sorry the hon. member for Brantford City (Mr. Macdonald) is unable to be here, but I thought it well to place these facts before the committee, as requested by the Minister of Finance (Mr. Dunning) a few nights ago. I believe I should place on Hansard the names of the directors of both companies. The board of directors of the Wellington Fire Insurance Company is as follows:

W. R. Begg, Esquire; W. H. Buscombe, Esquire; H. C. Edgar, Esquire; E. J. Hayes, Esquire; Hon. Jacob Nicol, K.C., D.C.L.; Colonel S. C. Robinson and E. B. Stockdale, Esquire.

In order to differentiate between the boards of directors of the two companies, the board of the Federal Fire Insurance Company is composed of the following:

W. R. Begg, Esquire; Colonel the Hon. Herbert A. Bruce, M.D.; H. C. Edgar, Esquire; Colonel K. R. Marshall, C.M.G., D.S.O.; Leigh McCarthy, Esquire; F. K. Morrow, Esquire; Frank Shannon, Esquire; E. B. Stockdale, Esquire.

I just want to point out that the directors of the one company are in no way connected with the directors of the other. I think that answers the question.

The CHAIRMAN: I would remind the committee that sections 1, 2, 3, 4 and 5 have been agreed to and that we are now on section 6.

Mr. HEAPS: As I understood it, Mr. Chairman, this bill was held over in order that the committee might be given some explanation why certain incorporators were seeking incorporation for two separate and distinct companies to do the same business across Canada. I do not think the hon. member has given what I would call an altogether satisfactory explanation of the points raised last week.

The CHAIRMAN: I do not want to interrupt the hon. member, but I repeat that sections 1, 2, 3, 4 and 5 have been agreed to.

Mr. HEAPS: If the discussion is to be restricted at this time, it will take place later on. This bill was held over for a specific reason, which we are now discussing. If we cannot get the explanation now, there was no reason for holding it over.

The CHAIRMAN: I am in the judgment of the committee, but five sections of the bill were carried the last time it was before the committee.

Mr. HEAPS: I think we have a right to discuss the point I am raising.

[Mr. Tomlinson.]

The CHAIRMAN: I have no desire to restrict the discussion; I am simply pointing out that five sections have been carried.

Mr. HEAPS: Section 6 deals with the classes of insurance authorized. I am discussing that and pointing out that section 6 of this bill is exactly the same as section 6 of the bill we passed last week.

The CHAIRMAN: Section 6 has not been carried.

Mr. HEAPS: We are discussing it. As I say, section 6 of this bill is exactly the same as section 6 of the bill passed last week for the Federal Fire Insurance Company of Canada. The question was raised last week why there should be two measures exactly the same, asking for two separate and distinct charters from this federal parliament.

Mr. TOMLINSON: That is not correct; the directors are different.

Mr. HEAPS: I said the incorporators were identical in both companies. There may be different directors, but the objection raised last week was against two companies being incorporated by the same set of incorporators to do the same business under separate and distinct charters. In giving his explanation this evening the hon. member has stated that it is the desire of the people who are seeking this incorporation to centralize authority under federal control, instead of having it under provincial control. Why propose centralized control for two companies having the same set of incorporators?

Mr. TOMLINSON: The same people are not seeking incorporation.

Mr. HEAPS: The names appear to be the same.

Mr. TOMLINSON: Oh no.

Mr. HEAPS: I will read them. The names given in connection with the Federal Fire Insurance Company of Canada are Herbert Begg, William Robert Begg, William Henry Buscombe, John Gordon Hutchinson and George Alexander Gordon, all of the city of Toronto. Then for the Wellington Fire Insurance Company we have Herbert Begg, William Robert Begg, William Henry Buscombe, John Gordon Hutchinson and George Alexander Gordon. The names are identical.

Mr. TOMLINSON: I gave the board of directors for each of these companies and except for the odd one the names are different.

Mr. BENNETT: The hon. member is referring to the applicants.

Mr. STEVENS: Surely the hon. member does not ask the committee to accept the statement he has made. The names he has read belong to some of the most distinguished citizens in Canada, but they are not the directors of these companies as the companies are not yet in existence. If this bill passes, then the directors of these companies will be the directors mentioned in the bills, as far as parliament is concerned.

Mr. MACKENZIE (Vancouver): They are the provisional directors.

Mr. STEVENS: There is a provincial company, with which we have nothing to do. After this company is incorporated, it will take over the provincial company. As far as this parliament is concerned the directors are those referred to by the hon. member for Winnipeg North (Mr. Heaps). I take no great objection to these bills as they are what are known as model bills, but the fact is they are identical. The explanation given to the committee for these identical bills asked for by the same group of incorporators is that they propose to carry on one type of insurance in British Columbia under one bill, and another type of insurance in Ontario under the other. The committee must take cognizance of the fact that under section 6 of both bills these companies have the right to carry on certain classes of insurance. In order that there may be no misunderstanding, I will read the section. It is as follows:

The Company may undertake and transact and make contracts of insurance for all or any of the following classes of insurance:

(a) accident insurance;
(b) automobile insurance;
(c) aviation insurance;
(d) bond insurance;
(e) burglary insurance;
(f) civil commotion insurance;
(g) credit insurance;
(h) earthquake insurance;
(i) explosion insurance;
(j) fire insurance;
(k) falling aircraft insurance;
(l) forgery insurance;
(m) guarantee insurance;
(n) hail insurance;
(o) inland transportation insurance;
(p) machinery insurance;
(q) personal property insurance;
(r) plate glass insurance;
(s) sickness insurance;
(t) sprinkler leakage insurance;
(u) steam boiler insurance;
(v) tornado insurance.

The classes of insurance indicated are identical in both bills. Either company may, according to their desires, use one part of section 6 in one part of the country and another part of the section in another part of the country. So the explanation that has been offered that these companies are necessary in order that a certain group of individuals may carry on one class of insurance in one part of Canada and another class in some other part of the country has no weight or justification.

The hon. member (Mr. Tomlinson) offered a further explanation, that they desired to come under the supervision of the federal insurance department. That, I think, is desirable, because I have a very high regard for the insurance laws of the dominion as distinguished from those of various provinces, and it is my view that corporations doing insurance business should operate as far as possible uniformly throughout Canada. But parliament should subject to careful and close scrutiny the granting of charters incorporating groups of individuals and enabling them to carry on an insurance business wherever they choose, even though, as in the case of both of these bills, that business is restricted. After all, the insurance business is to-day a semi-public enterprise. That fact is recognized in the very great care that parliament has taken to establish statutory control over it. Not a bill can pass this house that is not in strict accord with the general act. I admit that the two measures now under consideration fulfil that condition, and I take no objection to them on that ground; my point is that we should be very careful not to incorporate insurance companies without due care, close study and full consideration.

I gather that the official incorporators, who will be the first boards of directors of these companies, are identical. It is for that reason that some of us have taken objection to the passing of these two bills. It may be and I gather it is argued, although the matter is not very clear, that these are two companies provincially organized and that they now wish to come under federal control; but it is rather strange that they should come before parliament through the agency or personality of identically the same incorporators and ask for two bills, when one bill providing these very wide powers would amply cover the requirements of both these provincial companies. My own view is that parliament should not multiply insurance companies in this way.

May I remind the committee of what occurred many years ago—a condition into which, under the present general insurance laws of this country, we are in danger of drifting again to-day? Prior to 1919 the accepted practice was, whenever a group of citizens came before parliament asking for the incorporation of a railway company, to grant the charter as a matter of form; to employ a term then used very widely, there was free

trade in railway charters. The view held at that time was that it was desirable to have as much competition in railway construction as possible. Well, we certainly know now the mistake that parliament made in adopting that principle. We found out to our sorrow, and at a cost to the federal treasury of fifty or sixty million dollars a year for many years, that that policy was in part, perhaps in very large part, responsible for the railway mess into which this country has drifted. I submit that there is a danger, and I would add, knowing parliament as I do, a very real danger, that if we accept these bills with very little scrutiny upon the assumption that they comply with the general law, we shall have such a multiplicity of companies doing business in Canada that this great semi-public business will drift into a condition similar to what the railway situation has been in for the last fifteen or seventeen years.

For these reasons I am strongly opposed to the passing of the second of these bills. The first bill will give these companies all the powers they require to do business in any section of Canada. As a matter of fact there is no weight to the argument that one company will transact a certain kind of business in British Columbia and some other line in Ontario, because, as has been stated, clause 6 gives ample power with respect to any class of insurance, and they can use their powers as they wish; that is, the one company can do plate glass and automobile business in Ontario, and some other class of business on the prairies, and still another class elsewhere, if they so wish. We shall establish an unwise precedent if we pass rather carelessly these bills which have been more or less rushed through the house this session.

Mr. CHURCH: I would not have spoken in this debate had my name not been mentioned by the hon. member for Bruce (Mr. Tomlinson). He is not the sponsor of this bill; the sponsor is the hon. member for Brantford City (Mr. Macdonald). I do not object and have not objected to the principle of this bill. I used to go to school with the first two gentlemen mentioned; they were friends of mine; I have said that they were good people. But I object to the powers that parliament is conferring on this company, contrary to the British North America Act, which is the same company incorporated by another bill, with the same promoters, the same stockholders, and the same directors.

I wish to point out to the committee that the powers conferred on this company are very largely copied from England and from the state of New York, where the insurance laws are altogether different from those we have in this country under the British North America Act.

I desire also to direct attention to certain clauses of the bill which in my humble opinion are ultra vires of this parliament. I think the Minister of Justice might very well give his opinion as to the constitutionality of paragraphs (c), aviation insurance; (g), credit insurance; (h), earthquake insurance; (i), explosion insurance (l), forgery insurance; (n), hail insurance; and (o), inland transportation insurance—which includes buses.

Among the classes of insurance authorized we find personal property insurance, which affects property and civil rights in the provinces. Legislation of this sort may be all right on the other side of the line; it may be all right in England; but I doubt very much whether under the British North America Act the great majority of the classes of business enumerated here are within the powers of this parliament. I do not think we have any jurisdiction to incorporate a company to deal in some of these classes of business.

I did not oppose the bill in committee, but merely asked for information. In any event, notwithstanding that certain people may be friends of mine, I have to do my duty as a member of parliament. There are other risks which are not mentioned in this bill; no mention is made of battle, murder, sudden death, famine and pestilence, or of losses sustained at poker; these might as well be given too. The Minister of Justice is not here to-night —he may have gone to the hockey match— but if he were here I would suggest to him that we might as well include in the classes of insurance authorized, losses in gambling and on sporting events; we might as well insure against the weather and loss of gate receipts in sport and elsewhere when parliament is in session. I notice that they have also omitted insurance against defeat in elections. I do not know how they came to overlook that.

This bill has not been very carefully considered. The young gentleman who has spoken in favour of it to-night, the hon. member for Bruce (Mr. Tomlinson), is an excellent young lawyer; but the hon. member for Brantford City is the sponsor of the bill, not the member for Bruce.

Some time ago there was a conference between the provinces and the dominion government with regard to the powers of parliament touching insurance.

As I say, I doubt whether the powers I have enumerated can be properly granted within the jurisdiction of this parliament.

There is no control over the rates of these companies, and they are going to solicit insurance among the industrial workers of Canada. What safeguards are we going to provide? Is this house going to become an insurance factory with all these new powers? It seems to me that is all it is. I object to this bill; I do not care whether those interested are friends of mine. The industrial worker may get the worst of it, and therefore I protest against any such legislation passing this committee without some satisfactory explanation from the Minister of Justice and an assurance that the bill is within the jurisdiction of parliament.

Mr. HEAPS: I have no objection in principle to a measure of this kind. As a rule I have never objected to the passing of insurance bills once they have been before the standing committee, but what I do object to here is that we are duplicating the powers we are conferring upon two separate companies, though they are identical in character. In the absence of any statement that will satisfy the committee, I do not think it is good policy for parliament to duplicate powers granted to two separate companies doing the very same work. Let me quote what the Minister of Finance said when these bills were last before the committee:

> The sponsor of the bill evidently cannot give the definite reasons why the incorporators are the same in both these bills.

The hon. member for Bruce, speaking for the sponsor, has not been able to tell us to-night why the incorporators are the same in both bills.

Mr. TOMLINSON: Perhaps the hon. gentleman will allow me to answer. These companies, it is true, have the same incorporators, but that is only for convenience; and the bills are brought in at the same time for the same reason. The directors and the shareholders are different.

Mr. DUNNING: I understood the hon. member for Winnipeg North (Mr. Heaps) to say something about the Minister of Finance having asked for some explanation. The explanation I asked for has been given, and to me, at any rate, it is perfectly satisfactory. It was explained that the shareholders of the two companies do differ, and that the boards of directors are not identical. As a matter of fact, if these two companies had desired to secure for the bills an easy passage through this house, they could easily have named different incorporators. I have no doubt that does happen occasionally in connection with such bills. We find that one of these companies is one of the oldest in Canada —a hundred years old—and that it has been operating under provincial charter. That is the one we are now considering.

Mr. BENNETT: Pre-confederation.

Mr. DUNNING: Yes. This one before us is a pre-confederation company. It may be that some of the shareholders of the two companies are identical, but that is the case with a great many companies throughout the dominion; and if we are to bar federal incorporation to a company because a number of its shareholders are also shareholders in other companies, we are establishing a new precedent for this parliament. In any event these are only provisional directors, and I cannot see where the public good is at all prejudiced by giving federal incorporation to this company. In any case the company will still carry on business. No public interest is being injured. In fact, there is improvement to this extent, that one more of our old companies in Canada has chosen to come under federal jurisdiction, and that is a distinct advantage from many points of view.

Mr. BENNETT: There is only one matter that has been overlooked. These are two companies now carrying on business, and when this legislation is passed they will still be two companies in business. The two companies have separate policy holders scattered all over the country, and they are merely seeking a local habitation and a name under a federal statute to take the place of the provincial and pre-provincial charters which they have and under which they are now issuing policies. I thought there was something in the point raised the other evening by the hon. member for Broadview (Mr. Church), but there is nothing in it. It will still be the same companies, doing business in the same way, only attorning to federal instead of provincial jurisdiction.

Mr. DUNNING: And we could not force them to amalgamate.

Mr. HEAPS: The explanation that has now been given removes the objection that was raised last week. That objection, however, was justified, because no reasons had been given for having the same incorporators in both cases. We must make sure that when people come to parliament for charters they will not be granted indiscriminately as in years gone by. Last Tuesday night when the bill was before the committee the sponsor was not in a position to give the information which we have had to-night, and we felt that at least there should be some explanation.

The explanation has been given that it is done as a matter of convenience, that the two companies are completely different although both carrying on the same business, and as far as the two charters being identical in character is concerned, it is just a coincidence. We have to accept the explanation, and as far as I am concerned I have no objection to allowing the bill to pass the house.

Section agreed to.

Sections 7 to 10 inclusive agreed to.

Preamble agreed to.

Bill reported, read the third time and passed.

INDUSTRIAL LOAN AND FINANCE CORPORATION

The house resumed from Tuesday, March 23, consideration in committee of Bill No. 57, respecting Industrial Loan and Finance Corporation—Mr. Vien—Mr. Sanderson in the chair.

On section 1—Loans of $500 or less.

Mr. POULIOT: I shall probably not scandalize you, Mr. Chairman, by telling you that in principle I am against all private legislation; for this simple reason, that the law is supposed to apply to all, and private legislation is an exception for the privileged few. In England it is entirely different, because there they have no provincial legislatures. In this country we have separate domains, and the federal power has exclusive jurisdiction on certain matters and the provinces are supposed to have exclusive jurisdiction in other fields. This cannot be denied although sometimes in a jocular vein men of experience express themselves otherwise.

Private legislation is always dangerous. It is dangerous, as one of our lady friends said the other day, on account of lobbying. I am surprised that the corridors of the House of Commons are still in good condition, in view of the amount of lobbying that is done here for private legislation. Someone may answer that the lobbyist pays so much for a licence or card which empowers him to go around to the rooms of hon. members and canvass them on any kind of private legislation. Unquestionably this is their right. But an argument advanced to me once by one of those gentlemen was, "Why don't you support the bill? You know it is my way of living." That was said to me by a barrister of the city of Ottawa years ago. He may earn his livelihood that way very properly, but have I to vote for or against any private bill because Mr. So and So who has a card as a lobbyist earns his fees in that way? I find it absurd. It does not make the bill good or bad. A bill is good or bad in itself, not because it serves the interest of a lawyer who is a lobbyist and goes around to the rooms of hon. members; that is not sufficient reason for me to vote as he wishes me to do. We must consider the bill in itself.

Is the present bill good or bad? I put aside all considerations of friendship. One of our colleagues who is the sponsor of this bill in the house is a very close friend of mine, the hon. member for Outremont (Mr. Vien); but is that sufficient reason for me to disregard what the bill is in itself? My answer is no. I must act on my own judgment whether the bill is good or bad. Whether it suits my best friends or my worst enemies is no consideration. These preliminaries being settled, let us look at the bill.

This bill is relatively short. I started to read it the other day. But it is only one side of the picture, and not even that; it is only one angle of one side. The whole picture is found in chapter 68 of the statutes of 1930. This is the whole product, plus this appendix which is to be added by the bill now under discussion. There is one clause in the act of 1930 to which I strongly object. It is the one referred to by the hon. member for Kootenay East (Mr. Stevens) the other day:

. . . notwithstanding anything contained in the Interest Act or in the Money Lenders Act or in paragraph (c) of section 63 of the Loan Companies Act—

Each one of those three enactments is a law of general application, supposed to apply not only to all companies but also to all money lenders. When they lend money, which is a commodity and has a certain value, and therefore brings a certain return in the form of interest, that return must not be exorbitant. It shall be fair to both parties, to the one who lends the money and to the one who borrows it. The spirit of the law in all these enactments is that the one who lends the money shall have a fair return in the form of interest, and that the borrower shall pay a fair amount for the use of the money he has received from the lender. Fairness on both sides. This is applicable to all, to moral persons, I mean companies in the legal sense, because very often companies are moral persons which are highly immoral. It applies to moral persons and it applies to private individuals. Everybody knows that, and if I repeat it, it is not to tell this committee something new; it is to prevent them from forgetting these simple fundamentals.

There is the law of the land. In 1930 the company which is now asking for a new charter came before this parliament and asked for an exception. An exception to what? An exception to the provisions of those three

enactments of general application throughout the land—the Money Lenders Act, the Interest Act and the Loan Companies Act. Now they come like the burghers of Calais, with ropes around their necks and in sackcloth, telling us they are acting in the public interest by virtue of a federal charter. They forget to tell us that if these exceptions in their favour had not been made by this parliament the directors of these companies would be liable to fine and imprisonment, as others not so favoured have been treated. The directors of these companies escape imprisonment and fine, thanks to the legislation of exception that was passed by this parliament. No member of this chamber can be blamed for that legislation, because as was said not long ago very often legislation goes through this house with the speed of moving pictures, and it is pretty hard for members to scrutinize it. But, sir, I take this opportunity to scrutinize this bill because hon. members are interested in this legislation now, and I congratulate them upon that interest. They have not been impressed by those who earn their living by passing poems and silly jokes around the rooms of this building and make a perfect nuisance of themselves. These people have cards; they have a right to do what they do, but they are like phantoms of the opera, and members are tired of being bothered by these lobbyists for we can form our own opinions without their help. If it pays these lobbyists to do so let them argue cases in the police court or any other court, but I wish they would give hon. members a chance to think for themselves without the benefit of their ready-made views with regard to matters of this kind.

I hope the committee will not mind if I have expressed my humble views in the clearest possible way. My idea is that the law should be respected throughout the land, but in order that such an end may be attained the law must be the same for all, for the rich as well as for the poor, and there should be no exceptions for the privileged few. This is an exception, and a very bad one. This bill is supposed to reduce the interest chargeable, to a rate twice that allowed under the Usury Act. Let me repeat that. This bill seeks to establish a reduction of the abnormally high rate of interest which this company may charge so that the interest may be only more than twice the maximum allowed under the Usury Act. Any member who votes for this bill will be asked by those in his constituency who have been exploited by such companies "Why did you let that legislation pass when it came up in the House of Commons in March of 1937?"—and perhaps in April as well, if the bill is discussed another day.

Hon. members must remember one thing, and that is that this legislation will permit the company to charge nearly thirty per cent interest on a loan. What does that mean? If a civil servant here in Ottawa or anywhere else, receiving a salary of $1,000 a year, goes to one of these companies for an advance on his salary, from that time on he will not receive $1,000; he will receive only $700. If his salary is $2,000 he will receive only $1,400, and if his salary is $3,000 he will receive only $2,100. In other words the loan company will obtain nearly a third of his salary. Easy money! Why do not the members of parliament organize a company like that and become its directors? We would be millionaires in a short time. But we will never do that, because we are not Shylocks. We have read Shakespeare; we know the story of Shylock and his pound of flesh. This company does not ask for a pound of flesh; it exacts a hundredweight of flesh from each of its borrowers, and for that reason I am strongly opposed to this measure.

I am against privilege; I believe in the same rules for all. I will tell the sponsor of this bill that I am ready to support it if he will accept an amendment repealing paragraph (b) of section 5 of the original act, which appears at page 48 of the private legislation section of the statutes of 1930.

Mr. STEVENS: What statute?

Mr. POULIOT: Paragraph (b) of section 5 of chapter 68 of the statutes of 1930, the first lines of which read:

> . . . notwithstanding anything contained in the Interest Act or in the Money Lenders Act, or in paragraph (c) of section sixty-three of the Loan Companies Act.

If that is done I am ready to withdraw my objection to this bill until next year, when the Minister of Finance will bring in new legislation. If that suggestion is not accepted, however, we will continue to fight this measure to the limit.

Mr. STEVENS: Nine o'clock.

Mr. VIEN: I move that the committee rise, report progress and ask leave to sit again.

The CHAIRMAN. Nine o'clock.

Section stands.

Progress reported.

SUPPLY

FURTHER SUPPLEMENTARY ESTIMATES, 1936-37

The house in committee of supply, Mr. Sanderson in the chair.

Write-down of assets—

To authorize—as the dominion's contribution to a program of adjusting the indebtedness of farmers living in the drought area of the province of Saskatchewan which program has been sponsored by the government of that province and involves appropriate adjustments in debt or tax claims on the part of the provincial government, the municipalities and certain mortgage lending institutions—the writing off and cancellation of certain treasury bills of the province held by the dominion, provided (1) that said treasury bills be transferred in the books of the Department of Finance from "active assets" to "non-active assets" as at March 31, 1937; (2) that final writing off and cancellation of said treasury bills be subject to the approval of the governor in council and in accordance with such terms and conditions as he may approve, including the nature of the evidence to be submitted as to the adjustments made by the provincial government, the municipalities and the mortgage lending institutions aforesaid; and (3) that the amount of treasury bills to be written off and cancelled shall not exceed the amount advanced by the dominion government to the provincial government by way of loan to assist in financing expenditures incurred for relief, seed grain and seeding purposes in the said drought area during the period from May 1, 1931 to January 1, 1935, plus such accrued interest thereon as has been capitalized, and shall not in any case exceed in the aggregate the sum of $17,959,606.51.

Mr. DOUGLAS: Would the Minister of Agriculture tell the committee on what basis the area was set to which this scheme will apply? I noticed that there was considerable confusion last summer when talking about provincial and federal drought areas, and those areas did not coincide. In fact, there were three maps circulating throughout the province, one from the federal department, which said that a certain area marked on the map was recognized by the federal government as the drought area in which relief would be given; then there was a provincial drought area; and there was this debt adjustment drought area, coming under the legislation with which we are now dealing. It was indicated that certain areas would have the benefit of the debt adjustment, and that other areas would not. I am wondering who drew up the arrangement, on what basis it was drawn up, and why the areas do not coincide.

Mr. GARDINER: The first two maps to which the hon. member referred had nothing to do with debt adjustment, but rather with the movement of live stock from one area to another. Of course, naturally that area was larger than the one to which assistance was given by way of feeding. The object was to get the live stock out of the marginal areas into other parts, and thus avoid having to ship in feed. The principle followed in dealing with the matter was one of crop failures, and the amount of grain produced per acre in an area over a term of years.

[The Chairman.]

The federal Department of Agriculture was asked to draft a map which would set out prevailing conditions. In the first instance, we took as the basis an area in which there had been a crop production of not more than six bushels to the acre over a term of three years. When that map was completed I found that it took in about 158 or 160 municipalities. Further information was gathered with regard to the area, and we found that in the total area over a period of six years the average yield per acre had been only five and a fraction bushels. That area was accepted as the drought area in so far as this debt adjustment was concerned. It is composed of 158 municipalities—

Mr. BENNETT: I thought someone said there were 156.

Mr. GARDINER: That may be correct. It is composed of the 156 municipalities that come under the full debt adjustment, on the blanket basis. Eighteen of them were admitted under the other scheme.

Mr. DOUGLAS: Eighteen on the margin, in addition to that?

Mr. GARDINER: Yes. Eighteen, in addition to the 156, were admitted into the scheme under which arrangements are made by municipalities, rather than blanketing all the municipalities under a similar arrangement. That is the basis on which the map was drafted. It was submitted to the creditors and accepted by them as an area which should be given this consideration, and was also accepted by the provincial government.

Mr. DOUGLAS: I am not prepared to say anything about the technical aspect of the question, whether this matter should have been dealt with by statute or by a supplementary estimate—I am not competent to say anything about that—but I should like to say something with reference to the whole question of voluntary adjustment of debt.

It appears to me that this condition arose out of the bankruptcy of agriculture. That is, in this affair no one actually gave anything, because there was nothing to give. It was a matter of trying to salvage what was left. The creditors could not get anything for the

simple reason that agriculture had gone bankrupt and the people of that particular portion of southern Saskatchewan had found their whole means of subsistence taken away. I should like to draw the attention of the committee to the fact, however, that there were four creditors, namely the federal government, the provincial government, the municipal authorities, and the mortgage and loan companies.

So far as I can see, this is what happened: The federal, provincial and municipal governments in effect gave up their equity, recognized their loss and decided to call it a day. The mortgage and loan companies involved, which also had an equity, first of all agreed to cancel all interest prior to 1935 in certain select areas. They agreed to do that, in the main, in the area where they stood to lose the interest anyway, if not a great deal more than that. In other words, where there was nothing they agreed to take nothing. But where there was something it was a different story. I have in mind, for instance, Scott municipality, which will be familiar to the Minister of Agriculture. That municipality, with the exception of a very small crop last year, has had conditions just as severe as those in the territories on either side of it. Its debt condition, as worked out some years ago in the university of Saskatchewan, showed an average of $14,700 per farm. That municipality cuts like a great V into the area in question. It was not to be given special consideration because in it there was still the possibility of getting something. Where there was anything, there was no willingness indicated on the part of loan and mortgage companies to surrender whatever equity they thought they might obtain out of a bankruptcy.

It seems to me that those companies received two very definite benefits. In the first place they tightened their hold upon the farmers who were indebted to them, because as a result of making the debt adjustment and cancelling the interest prior to 1935, the farmers were now asked to enter into a new agreement in which the principal of the mortgage was taken and the interest for 1935 and 1936 was added, so that the new agreement was for a larger amount, and arrangement was made for payment over a period of ten years.

Mr. BENNETT: At a reduced rate of interest.

Mr. DOUGLAS: Yes, at a lower rate of interest. There is no need to read all the agreement. It was reduced to six per cent. But I draw attention first to two clauses that tightened the grip of the mortgage and loan companies in the province on this particular area in a way which could never have been done under any other circumstances. The first clause is this:

> For better securing the punctual payment of the moneys payable under these presents and said mortgage, and pursuant to the Land Titles Act, the farmer does hereby agree to become and does become tenant to the mortgagee of the said land, and the mortgagee does hereby lease the said land to the farmer for a term of three years from the 1st day of January, 1937, at a yearly rental of one-third of the whole crop of grain of the different kinds and qualities grown on the said land in each year, to become due and payable at the time of cutting of any of the said crop. The mortgagee may at any time after default under these presents determine the said tenancy without any notice to quit.

I refer to another paragraph:

> From and after the expiration of the tenancy herein provided the mortgagee leases to the farmer and the farmer becomes tenant to the mortgagee at a yearly rental equivalent to the annual interest secured by these presents, the same to be paid on each day appointed by these presents for the payment of interest, and if any attachment, execution or judgment shall be issued against any of the goods or lands of the farmer, then such rentals shall if not already paid be payable immediately thereafter. The mortgagee may at any time hereafter upon default under these presents determine the tenancy in this paragraph provided without any notice to quit.

Those are paragraphs contained in the standard renewal agreement which the farmers in the area mentioned by the minister must sign in order to get the benefit of this debt cancellation. In order to get rid of debts owing to the provincial, municipal and federal authorities, the farmer in many cases has become a serf to the mortgagee. By the passing of this legislation and the signing of these standard renewal agreements agriculture has disappeared, and peasantry has taken its place in the province of Saskatchewan. The minister states that the reason Alberta was not included in this scheme was because that province had put some other system of adjustment into effect. If agreements like this are the price that the farmers are called upon to pay in order to get rid of relief debts, then I think the province of Alberta is to be commended for resisting such pressure.

Mr. LANDERYOU: By how much was the capital of these debts reduced?

Mr. DOUGLAS: There was no reduction of the capital by legislation. In some cases the farmers obtained a reduction under the Farmers' Creditors Arrangement Act and under the provincial debt adjustment legislation.

Mr. GARDINER: There has been no reduction by legislation.

Mr. DOUGLAS: I mean that the agreement did not call for any reduction of principal; it only called for the cancellation of the creditor interest prior to 1935, and the reduction of interest in the new agreement. The minister will correct me if I am wrong, but I have been told that the signing of these standard renewal agreements prevents the farmers from taking advantage of the Farmers' Creditors Arrangement Act.

Mr. GARDINER: Not necessarily.

Mr. DOUGLAS: I am very glad to hear that. These mortgage and loan companies came out of this deal, not only with a tighter grip upon the farm debtor, but with an enhanced security in that the land which was held as security has had removed from it a burden of debt in the form of relief notes, et cetera, which had been signed during the past five or six years. I direct the attention of the committee to the fact that of the four creditors who went into this meeting to which the minister referred, the only one who came out with more than what he had when he went in was the mortgage and loan company. The other three creditors stand to lose. The mortgage and loan company came out of the whole affair with a much better bargain, while the government bodies and the farmer debtor came out with a much worse bargain.

Mr. GARDINER: Mr. Chairman, there are one or two points raised by the hon. member for Weyburn (Mr. Douglas) with which I cannot exactly agree. His first statement was that these farmers were bankrupt and had nothing to lose or gain by any agreement that might be made. I would rather put it in this way: These farmers went into this area in comparatively recent years, that is, since 1908, which is not a very long period in the lifetime of a district. Ninety per cent of them, or perhaps a larger percentage, went into the area without having anything at all. They paid a $10 fee to file on their homesteads and began developing the district. The present drought period, which began in 1931, struck this district a comparatively few years after these people had started to build their schools and their roads and to put in the telephone and other conveniences. While it is true that during part of this period they had fairly good crops at fairly good prices, it stands to reason that no matter how good the crops were or what prices may have been received, it was absolutely impossible for these people to convert the indebtedness which was ahead of them when they entered the district into an asset against which there was no debt.

In my opinion it is wrong to say that there is more debt on this district to-day than there was in 1908. When those people went in there in 1908, they had nothing at all. There had been no development of the land, the plough had never been put into it. These people have developed the district largely on borrowed money, in the hope that it would be able to pay its way. Right in the middle of their activities they were struck by this drought. Not being able to get crops, and still being faced with a considerable part of the obligations they had undertaken to pay —they were in no position to pay cash for anything—they found that year by year the interest piled up. After six years the result has been that on a mortgage of $1,000 placed previous to 1930, and still in effect when this arrangement was entered into, there has been an increase to $1,700 odd at eight per cent. In other words, when a man assumed a debt of $1,000 which he expected to pay, he found himself at the end of six years, and in some cases seven years, faced with an indebtedness of $1,700 odd. For the last $700 odd he received nothing. He did not buy anything with it; all he got for it was the accommodation. In spite of everything which that man could do there has been an increase of $700 in his debt. The creditors and the government decided that it was not fair to put that man in the position of having to meet the whole obligation when he came into a period of good crops. The loan companies agreed to wipe out everything down to January 1, 1935, and from that date on the interest was reduced to six per cent and is consolidated in the original debt and spread over ten years.

Mr. BENNETT: What would that leave the liability on that thousand dollar loan that he would then pay?

Mr. GARDINER: I have forgotten the exact amount. It reduces it very considerably. Of course, the last two years you naturally pay the higher amount.

Mr. BENNETT: Eight per cent computed on the $1,700 would, of course, increase it to a large sum of money as it was compounded, but I gathered from what the minister said that it was six per cent commencing January 1, 1935.

Mr. GARDINER: Yes.

Mr. BENNETT: And that the $700 that was mentioned disappears?

Mr. GARDINER: Yes.

Mr. BENNETT: Leaving only the principal $1,000?

Mr. GARDINER: Yes.

Mr. BENNETT: I thought that ought to be made clear.

Mr. GARDINER: The last two years interest is left, and the six per cent is consolidated with the original debt.

Then in connection with the municipalities, there are arrears of taxes on practically all of this land. Anyone who has lived in the west knows that municipal taxes are raised almost wholly for the purpose of building roads; there is very little service outside of that. The telephone and school taxes are separate from the municipal tax. If the money was not collected it was not spent. Down in that country the municipalities have not been able to borrow money during the last five or six years, with the result that no road work has been done, so no injury is inflicted upon the municipality as such by a cancellation of arrears of taxes that were never spent.

It is assumed that to leave the last two years' taxes in effect will pretty well take care of requirements. It is proper that in so far as there are debenture issues to be met, arrears of taxes should be collected in order to cover the amount necessary to pay the carrying charges on those debentures. But as regards making provision in connection with road building which has never been done, there is no hardship upon the municipality in cancelling those arrears of taxes. It will place the individual farmer in a very different position after being confronted one day with four or five years' arrears, in addition to the two years' taxes that will remain, to find next day that the four or five years' arrears of taxes have been wiped off. He at least feels better when he looks at his next tax account; at the same time the municipality is not losing very much by this concession.

In connection with the school taxes, reductions have also been made. These have been reviewed very carefully by the local government board of the province, and care has been taken that no injury shall be done in so far as the handling of the schools is concerned. In addition to that, the provincial government have made some appropriations this session for additional assistance to school districts in that particular locality.

So far as the provincial government is concerned, they of course had given guarantees in connection with certain amounts of relief and certain amounts for seed in the earlier years of the depression, to a total of about five million dollars. The provincial government is assuming that obligation.

So far as this agreement is concerned and the clauses that have to do with the lease, the lease clause, as it is called, is a very common thing all through western Canada and, I think, in other parts of the country as well. A person who has not made his payments in connection with the purchase price of a piece of land is assumed immediately upon his default to be a renter rather than to be in his former position of owner, and he is more or less under the direction of the individual who sold him the land. That same thing is more or less true in connection with certain clauses in land mortgages in western Canada. In regard to this new agreement, it was explained to the house this afternoon that provision is made whereby a man does not become in default if he delivers to the creditor one-third of his crop during the first three years of this agreement.

Mr. BENNETT: If he has no crop there is no—

Mr. GARDINER: If he has no crop he does not pay anything.

Mr. DUNNING: And is not in default.

Mr. GARDINER: And is not in default. By a special clause in this agreement it is provided that during this first three years all he needs to pay is one-third of the crop, and no matter how light the crop is, he cannot be compelled to pay anything more. In other words, he does not become in default unless he refuses to turn over one-third of his crop to the creditor. At the end of that three years, provided he does not meet the terms of the agreement, the position that he occupied as a renter can be declared to be at an end. That does not mean that possession is thereby taken of the land. It simply means that under common law the individual is put back in the position of owner of the land against whom action can be taken in court. In other words, all the action that would have been necessary had this agreement never been entered into at all in order to dispossess the individual, has to be taken even after that declaration is made. Many people in Saskatchewan seem to have been convinced that the common law did not apply, and in order to make it absolutely certain in the minds of everyone—although from the legal point of view it was not necessary to do it—that that was the condition, legislation was put through the Saskatchewan legislature this session that made it part of the statute law that that was the condition that existed. So that it is hardly correct to say that if at the end of the three-year period

a man has failed to make the payments that are required under the agreement he is immediately dispossessed of his land and becomes a serf, and is in the position of the peasantry of some European countries in relation to mortgage companies; he is simply back in the position where he would have been had this kind of thing never been done.

Mr. DOUGLAS: He can be dispossessed, though, at the end of that time.

Mr. GARDINER: He cannot be dispossessed in the manner indicated by some of the opponents of this measure, namely, by being given notice without any time expiring at all. He simply reverts to the position of an owner of land against whom there is a mortgage registered. The mortgagee can proceed in the courts to foreclose the mortgage, but he must go through all the process of foreclosure before he can obtain possession of the land. I do not know how anything could be very much fairer than that. I do not think there is very much reason for criticism.

Just to indicate the manner in which this kind of thing spreads, I might say that while I was home to dinner I happened to pick up the last issue of the Regina Leader which has come to my house, and I found on the third page a reference to an enlargement of this plan, in the following terms.

> Banks have agreed to a blanket form of adjustment of municipal debts in 131 rural municipalities of the 156 municipalities in the "red" area, Hon. J. W. Estey, K.C., minister in charge of the drouth area debt adjustment bill, said Thursday.
>
> In 25 municipalities in the drouth area, classified as being in worse financial condition than the other 131, the banks have agreed to adjustment on an individual basis.
>
> It is presumed that the adjustments offered to these municipalities will be on a broader scale than the adjustment offered the 131 municipalities.
>
> Basis of the blanket adjustment provides for spreading the amount owing by the municipalities to the banks over 10 years, with interest for the first year at one per cent, for the next two years at two per cent, the next two years at three per cent and for the remaining five years at four per cent.

That is, the banks themselves, through negotiations with the provincial government and the municipalities, have followed up what has been done by other creditors. They have gone to the municipalities direct and made arrangements whereby the indebtedness of a municipality to a bank is spread over ten years, at these much lower rates of interest that I have indicated. All we claim for this kind of thing is that it is very much better for a group of creditors to sit down and arrive, by some voluntary method of cooperation, at conclusions which are going to be of assistance to everyone.

It has never been claimed that the individual farmer got all the benefits, but I do venture to say that while the security of the creditor has been improved, the credit of the farmer when he gets a crop—if he gets one this year or next year—has been very much improved by the action that was taken by the municipality, the province, the dominion government and the creditors. His equity, too, has been enlarged by very considerable amounts.

I read this evening a special dispatch to the press from the municipality of Weyburn indicating that ninety per cent of the farmers of that area affected by this arrangement have signed the agreement in spite of the discussion that has taken place in the province in regard to the sections that have been read in the house to-night. I am sorry that I did not bring the article along because it shows that very considerable amounts have been cut off the indebtedness of individuals in that municipality, and I am sure that is true of many other municipalities in the province. We do not claim anything extraordinary for this, but the dominion government has been trying to cooperate with others in that area in removing a sufficient amount of their obligation to give them at least some hope of being able to meet the situation in the future.

The federal government—not merely the present government but the government back over the years—and the provincial governments have been doing a great deal for that group of persons who are in such great difficulty that they are constantly faced with the threat of foreclosure and all that kind of thing, and it is perhaps proper that we should. But we have not previously found a way of dealing with the man who never appears before a tribunal but goes on shouldering his obligations, carrying on to the best of his ability, trying to meet all his obligations even if it takes him a lifetime to do so. Under this arrangement we say to him: We are not going to ask you to go before any tribunal, we are not going to ask you to go into court and plead your case; we will not even suggest that you ask for something. But the loan companies and all governing bodies will come and offer you the privilege of a new agreement whereby much of your indebtedness will be wiped off. A group of individuals are being served by this action who would not be served under any of the pieces of legislation that have been placed on the statute books either by the federal parliament or by the provinces.

Mr. DOUGLAS: The minister's statement that ninety per cent of the people in Weyburn municipality are signing the agreement, I presume, is correct; indeed, I fancy the percentage will be higher. People have written to me and I have given them the same advice that other members have given, namely, that under the circumstances the farmer has no choice but to sign. In order to have his accrued interest wiped out he must sign the agreement or avail himself of one of the other debt adjustment facilities. Under the circumstances I am not surprised that ninety per cent of the people have signed the agreement. But what I do point out is that when they have signed it, when the period of three years or six years has passed, the chances are that they will be in exactly the same plight they are in to-day, or worse, simply because this whole scheme has played, I believe, very nicely into the hands of those who have ridden on the backs of the farmers of Saskatchewan for a good many years.

Mr. PELLETIER: I believe that, as the leader of the opposition said this afternoon, we are establishing a very dangerous precedent, and I would ask the Minister of Finance whether this can be regarded as a precedent. The government will be called upon to supply money again this year to enable the farmers to put in a crop, and right away there will be new indebtedness. These debts having been cancelled in the past, is it not logical to conclude that the same thing will happen in the future? If the Minister of Finance would make a statement, it might clear the situation. If it is the intention of the federal government to cancel all these debts in western Canada whenever the occasion arises, it will be entirely in line with the easy credit policy which the Minister of Finance is always advocating, and if he will make a statement to that effect it will clear the situation.

Mr. DUNNING: I have been asked to do a great many things but never before has it been suggested that I should enter the realm of prophecy, particularly with respect to a problem like this. I can assure my hon. friend, however, that it is the intention of the federal government and of the three provincial governments of Manitoba, Saskatchewan and Alberta, to see to it that the people in that area have an opportunity to sow another crop in 1937. That is the intention. These negotiations are under way, and the Prime Minister intimated a few days ago that among the pieces of legislation which had yet to be brought down was legislation covering that provision. I think there will be general agreement that having regard to the present situation we should again give that opportunity.

My hon. friend asks me to say what will happen if drought again strikes that area. I cannot say. I can only say to the people in that area that the people of Canada have stood by them up to now, and I have reason to believe that the people of Canada will be willing to stand by the people of any part of the country who are affected by a disaster of national proportions. I do not think I can make a plainer statement. I do not think there has been a more difficult problem to wrestle with than this, and it has been faced both by the previous government and by this. Our best thought is being given, and will continue to be given to the problem so long as it exists. In the meantime I am sure it is the earnest prayer of every good Canadian who has the interests of his country at heart that this awful scourge of drought may cease in the year 1937.

Mr. PERLEY (Qu'Appelle): I am pleased to hear the minister's statement that a bill will be introduced providing for seed for the seeding of the 1937 crop, and I think I can assure him that he will not meet with the opposition from this side of the house which the former government had to face on one occasion when it had to resort to closure in order to provide seed before the first of April.

Item agreed to.

Expenses of the royal commission on the textile industry (governor general's warrant of November 26, 1936), $45,000.

Mr. BENNETT: This item is a wholly improper use of the power under the statute for a governor general's warrant, because the commission was actually appointed last year. This gives an opportunity to ask some questions, as to what sum has been expended on this commission; whether or not the $45,000 completes the expenditures; what was the estimate of what was required at the time this money was advanced in November 1936, and as to why the commission should have lasted over 100 days and no report be made after two sessions of parliament have been held.

Mr. DUNNING: The particulars of the expenditure with respect to the textile commission are as follows: There was a governor general's warrant on February 1, 1936, of $20,000—

Mr. BENNETT: That is before the house met last session?

Mr. DUNNING: Yes. Then in the supplementary estimates for 1936-37, vote 510, there was $100,000, and then the warrant now

submitted of $45,000, making a total of $165,000. The expenses up to March 23, 1937, total $143,618, plus $16,300 expended in the previous fiscal year.

Mr. HEAPS: Has there been any money collected from anyone as a result of the investigations made by this commission?

Mr. DUNNING: In the absence of the Minister of National Revenue I cannot give any statement as to the amounts collected. I know that pursuant to certain matters which developed during the inquiry the Department of National Revenue is expecting to make, and is in the process of making, considerable further collections.

Mr. BENNETT: I heard the contrary the other day. A gentleman told me that on readjustment of accounts they found they were entitled to a refund.

Mr. DUNNING: I think that gentleman will be disappointed.

Mr. BENNETT: He was not connected with the industry.

Mr. DUNNING: I believe this will be one of the few royal commissions which will pay dividends to the government.

Mr. BENNETT: The difficulty is in finding justification for the governor general's warrant. There is the statute. There was the provision in the supplementary estimates, and the duty, of course, was to wait until the house met and vote the money. The use of the power under the statute for this purpose cannot be justified. This item of $45,000 was in November last, making a total of $165,000, and the total expenditure up to March 23 is only $159,918, including $16,000 from last year. I should like to know how the estimate of $45,000 was arrived at when the governor general's warrant was passed, because the law requires that to be done with great particularity.

Mr. DUNNING: I am advised that the amount provided at the last session of parliament was exhausted and the inquiry was still proceeding. The chairman was asked to indicate as closely as he could what would be required to continue the work, and the governor general's warrant for $45,000 was passed upon that basis. The overlapping of time comes about in this way; I have no doubt the $45,000 warrant would have been largely expended before parliament met but for the fact that the commissioner, as I think is well known, was engaged on other work, and pending the preparation of argument of counsel on both sides there was a considerable intermission while other inquiries were being prosecuted by the commissioner.

[Mr. Dunning.]

Mr. BENNETT: Are further expenditures contemplated?

Mr. DUNNING: The hearings are completed; all that remains is the preparation of the report by the commissioner. Further expenditures are not contemplated.

Mr. CAHAN: Will the evidence be printed?

Mr. DUNNING: It is very, very voluminous. I cannot answer my hon. friend's question with certainty.

Mr. CAHAN: Does this estimate cover the prospective printing and publication of the evidence?

Mr. DUNNING: No.

Mr. HEAPS: When does the minister expect the report to be submitted to the government?

Mr. DUNNING: I have not accurate information in respect to that.

Item agreed to.

To provide an additional amount for the administration of the Annuities Act (governor general's warrant of January 6, 1937), $82,800.

Mr. WARD: Could the minister give the committee the purpose for which this amount was required?

Mr. ROGERS: This amount obtained by governor general's warrant was required to meet expenditures entailed by commissions on the sale of annuities. As hon. members are no doubt aware, the sale of annuities increased during the past year to a degree that was not anticipated. This was due in part, I believe, to the inquiry into annuities which took place in the other house, and to the belief which appeared to be quite common that there would be an increase in the rates. At any rate, we found that if the agents were to receive their commissions it would be necessary to obtain this governor general's warrant. The actual expenditures under the warrant to date are $45,508.88, and the estimated requirement to March 31, 1937, is $15,500, making a total of $61,008.88. The warrant was for $82,800.

Mr. WARD: Do I understand that the annuities business is not on an actuarial basis, that it does not carry itself?

Mr. ROGERS: I do not think that point arises in this connection. For the sales they make the agents receive remuneration by commissions. They give their full time to this work. In other words the only remuneration they receive is from commissions on the sale of annuities. Due to the increase in the

sales we found that the appropriation of $150,000 was inadequate to pay the commissions upon annuities actually sold. Therefore if the money was not obtained in this way the agents would have had to go without their remuneration for a period of two or three months.

Mr. WARD: Are we to understand that the premiums paid for annuities just go into the consolidated revenue fund?

Mr. ROGERS: That is correct.

Mr. BENNETT: I point out that the warrant was dated January 6, and the house met on January 14.

Item agreed to.

Expenses of the royal grain inquiry commission (governor general's warrant of November 18, 1936), $103,000.

Mr. BENNETT: There are a few questions that have to be asked about this. The first is, why was it necessary to have a governor general's warrant in November when we had in fact already provided for this commission last year? That certainly would bring it within the prohibition. Second, how is the $103,000 made up? Third, how many days has the commission met? Fourth, what are the particulars of the daily expenditures?

Mr. EULER: I am not sure that I can give a definite reply to the statement regarding provision having already been made prior to the obtaining of the governor general's warrant.

Mr. BENNETT: Yes, we made a recommendation last year.

Mr. EULER: But provision had not been made. I know that the committee which had been appointed, of which the right hon. gentleman was a member, and of which I had the honour of being chairman, had made a recommendation, but there had been no provision made. The governor general's warrant was issued June 27 of last year, for the sum of $103,000.

Mr. BENNETT: The date given here is November 18.

Mr. EULER: It was the order in council that was passed on June 27.

Mr. BENNETT: That was just about the time the house rose, which makes it that much worse.

Mr. EULER: As a matter of fact, the matter was delayed for the reason that I think was given by the Minister of Finance; the same gentleman, Mr. Justice Turgeon, was chairman of both commissions. His work was very heavy, and he was not able to begin his duties until quite late in the year. For that reason also, of the $103,000 only $41,445.07 was expended up to March 15 of this year, leaving an unexpended balance of $61,554.93, which of course will be transferred to the receiver general. Then a new note will appear in the estimates this year for $111,000.

Mr. BENNETT: The statute makes special provision in that connection. It says that a special account must be maintained and that the estimate shall be based on some appreciation of the facts. If in June last an order in council was passed and the warrant was not issued until November, and of that amount only $41,000 was spent, it is pretty difficult for this to come within the provisions of the law respecting governor general's warrants. In addition, and what is even worse still, why should we have an important commission such as this, and an important commission such as the one dealing with textiles, dealt with by only one man? Is there only one person in Canada who can adequately reflect the mind of the government in these matters?

Mr. EULER: That is rather gratuitous and uncalled for, I think.

Mr. BENNETT: I just asked the question, and I meant it exactly as I asked it.

Mr. EULER: The reason Mr. Justice Turgeon was selected was that he was felt to be a specially qualified commissioner. He had done similar work before and perhaps, without casting any aspersions upon anyone else, there was no one else so well qualified for this particular work. He began late in the year; only the sum I have indicated was expended, and naturally the balance will go back to the receiver general. The work has not been completed, and later an additional amount of $111,000 will be asked for. I do not remember precisely what other questions my right hon. friend asked.

Mr. BENNETT: What are the daily costs of the commission? What is the commissioner being paid?

Mr. EULER: Does my right hon. friend desire that I give the names of all those connected with the commission?

Mr. BENNETT: Yes, please.

Mr. EULER: Hon. W. F. A. Turgeon, commissioner, per diem living allowance, $35. Doctor Grindley, secretary, has drawn $1,261.94 in travelling expenses. He is an official of the Department of Trade and Commerce.

R. H. Foster, assistant secretary, has been paid $730.32 in salary at the rate of $200 per month and travelling expenses of $497.20. Perhaps my right hon. friend does not desire the travelling expenses.

Mr. BENNETT: It might as well be on record.

Mr. EULER: J. L. Ralston, counsel: per diem allowance, $20; legal fees, per day, $200; per diem living allowance paid, $1,105; legal fees, $13,274; travelling expenses, $567.05. J. E. Coyne, assistant counsel: living allowance, $10; legal fees, per day, $50; per diem living allowance paid, $100; legal fees paid, $5,125; travelling expenses, $51.05. P. H. Shelton, official reporter: 33½ cents per folio; the cost of his services, $2,916.27, and travelling expenses of $470.15. Joseph L. Donovan, replacing Mr. Shelton as official reporter from January 18, 1937; 33½ cents per folio; paid, $1,488.47. W. W. Buskard, reporter: travelling expenses, $477.05. I presume he was paid at the same rate as the man he replaced.

Mr. BENNETT: He was perhaps an assistant.

Mr. EULER: J. A. Thomson, clerk-stenographer, $100 a month; paid $310, travelling expenses, $527.21. A. L. Burgess, clerk: $200 a month; paid, $400; travelling expenses, $351.22. Miss McLaughry, stenographer, salary paid, $21; Miss McHale, stenographer, paid, $60. Miss M. Hydes, paid, $70. Miss L. Stewart, paid, $20. Miss Hackett, travelling expenses, $405.05. Mrs. McPhaden, typist; travelling expenses, $280.70. Then there were witnesses: L. H. Newman, paid, $99.56; Charles F. Wilson, witness, $141.25; Doctor H. S. Patton, $117.80; and miscellaneous expenses, $916.25.

Mr. BENNETT: How many days has the commission been sitting?

Mr. EULER: In the memorandum I have before me it is stated that the commission has already taken the evidence of forty witnesses in hearings covering thirty days, twenty-six of which were spent in Winnipeg and four in Saskatoon. I regret that this memorandum is not dated; I only had it placed in my hands this afternoon. At the present time the commission is recessing while Mr. Justice Turgeon hears the argument in the textile inquiry. I understand the commission now is in Vancouver, but this memorandum states that the textile inquiry will be concluded about March 12 and as soon as possible thereafter the grain inquiry commission will resume in Vancouver. It is intended that hearings will be held in Vancouver, Calgary, Edmonton, Regina, Winnipeg and some eastern city.

[Mr. Euler.]

Mr. BENNETT: Does the commission propose to go abroad?

Mr. QUELCH: Why was it necessary to pay Colonel Ralston $200 a day, when no doubt there were many men who could do the work just as efficiently for a much smaller remuneration?

Mr. EULER: I presume that is a matter of opinion. I suppose we are paying a man a good salary because he is a good man. As to the question of the right hon. leader of the opposition as to whether or not the commission will go abroad, I do not think so. I understand that the commissioner was in England.

Mr. BENNETT: And in France.

Mr. PERLEY (Qu'Appelle): I desire to make one or two observations with regard to this commission. I may say I was never in favour of it. Ever since it was first mentioned in the committee last year I have been opposed to it; I see no reason for it. I think the expenditure so far is greatly out of line with any results that have been accomplished. The commission has sat for thirty days, during several of which evidence was given by witnesses from different branches of the service in Ottawa. Some witnesses gave evidence with respect to trade, tariffs and matters of that kind, which really was of no great value. I was very much interested to hear the minister say that the commission are now in the west, which means that they have pretty well covered Canada. I should like to know if they propose to go to the United States or take another trip abroad. I think it important that we should know the itinerary of this commission, and I think we should have some report before the next crop is harvested. It is impossible, of course, to have a report upon which we can base legislation. But this government has done things by order in council, and they might take some action in that way in order to implement a report, whatever it might be.

May I go back for a moment or two to the first mention of the commission. I believe that came about in the committee which was appointed last year to investigate matters with respect to the wheat board. I believe the last session of that committee was on May 4. At that time there was a general discussion and witnesses were heard. A day or so previous there had been some discussion with respect to referring the matter to a commission. That was in compliance with the order of reference to the committee.

A few days ago the hon. member for Wood Mountain (Mr. Donnelly) made reference to the report brought in to the house on June 11,

and said that that report had been unanimous. It recommended that the order of reference to the committee be referred to a royal commission. There was a reason for the unanimous report, because the last part of the second paragraph stated the committee found it impracticable to get conclusive evidence on the reference made to it. The Minister of Trade and Commerce was chairman of the committee. He, along with two other members of the cabinet, sat in at one sitting at which there was general discussion with respect to the evidence. It was agreed that the matter had not been satisfactorily cleared up, and in answer to a question from me one of the ministers agreed that the matter had not been satisfactorily cleared up and that the evidence was not conclusive. As a result, the committee in drawing up its report suggested a royal commission.

Now we have that commission, and I should like to know whether or not the order of reference, which was enlarged, is now wide enough to investigate one or two matters in particular. Probably the minister would assure me now that the reference is wide enough to investigate a matter which is disturbing the minds of some people in Saskatchewan, namely the question of the purchase of seed oats for the spring of 1935.

Last year I asked the Minister of Finance respecting the liability the government had with respect to the losses sustained by the provincial government of Saskatchewan in the purchase of seed oats. At page 1810 of Hansard for 1936, in reply to my question headed "Saskatchewan Grain Purchases" the minister replied, in part, as follows:

> 3. A contingent liability exists so long as any bank advances made under P.C. 975 of 12th April, 1935, are outstanding.

Again this year, at page 1236 of Hansard, the Minister of Finance stated in his budget speech that:

> The government's guarantee of bank advances for the purchase of oats by Canadian Co-operative Wheat Producers Limited for account of the province of Saskatchewan is also still outstanding. As at February 1, 1937, the amount of bank loans outstanding subject to this guarantee was $384,760.

If that is the same liability that was referred to last year, I think this matter with respect to the responsibility of the loss that was taken on the oats deal in 1935 should be referred to the commission, and a thorough investigation be held so that the matter could be cleared up.

There is another matter which I hope the reference of the commission will be wide enough to cover. If not, I hope that the order of reference may be enlarged to cover it. I refer to a thorough investigation of the question of the marketing of barley and of the corner that was manipulated in barley last year in the province of Saskatchewan. I believe to some extent the racket was carried on in Manitoba.

In some of the evidence taken at Winnipeg I noticed reference was made to the corner on barley, but the evidence would not indicate that the commission intended making further investigation in connection with that matter. I believe it should be considered.

There is another matter which has not yet been brought to light. I refer to what I might describe as a racket which was perpetrated last year in Saskatchewan with respect to the purchase of malting barley. Last year we were fortunate in having a high grade quality of malting barley and a larger percentage for export than we had had in previous years. In the last day or two I have received a statement from the bureau of statistics showing that in the first seven months of this crop year we exported 12,641,208 bushels of malting barley to the United States, as against 179,000 last year.

I should like to tell a little story in this connection, but before doing so I shall read a statement appearing in the Regina Leader Post under date of March 16, relating to the quality of barley harvested in Saskatchewan last fall. This is the report of a statement made by A. T. Elders, the representative of the organization which was buying malting barley. He states that 79 per cent of extract has been found in the barley shipped to the United States, as against only 71 per cent in the barley produced in that country. This statement would go to show that Canadian barley is of a high quality and wanted in the United States. I have already given the export figures.

Representatives of certain interests in Minneapolis came over to Saskatchewan and Manitoba and got in touch with crop reporters who were familiar with the different districts where good malting barley was grown. The reporters drove through the districts with the men in question, visited the farmers and purchased barley from them at the farms. Of course, the farmer had to load the barley into cars, and attach bills of lading to drafts on the Minneapolis firm. I know some of the men who escorted the representatives from Minneapolis through the districts; and I learned that those representatives bought hundreds of cars of barley in that way.

The Minneapolis firms had no direct interest in elevators, and I do not think they were associated with the Winnipeg Grain Exchange. Some of them might have been

members, but the men who did the work were the direct agents of Minneapolis firms. They went to the farmers, examined their barley, inquired as to the price of barley in the town, and offered the Fort William price. That is, they would offer the farmer a premium of three or four cents over the Winnipeg price for six-rowed malting barley. They started to purchase this barley at fifty cents per bushel and continued right up to eighty cents, the farmer having to load it over the loading platform and ship to the firm in Minneapolis. He could do it through the elevator, and bill it to the firm in Minneapolis.

I want to point out that at no time in the months of August, September, October and November—I secured the figures from the bureau of statistics—was the price in Minneapolis for malting barley less than $1.26 per bushel. The prices in August ranged from $1.25 to $1.35, making an average in the neighbourhood of $1.30. The cost of shipping this barley from the northern parts of Saskatchewan via Moose Jaw, including commission, would be practically the same as shipping to Fort William. There was a duty of twenty-five cents per bushel to be paid. The other costs would amount to about twelve cents, so you would have a total cost of thirty-seven cents per bushel. Deducting that from the average price of $1.30 would give you a net return of ninety-three cents per bushel delivered. I was told by one man connected with this Minneapolis firm that they received at least $1.34 for the barley they bought from the farmers. During that period the price for six-rowed malting barley at Fort William was eighty-four cents per bushel, so the farmer lost anywhere from twenty-five to thirty-five cents per bushel. Hundreds of thousands of bushels were bought last year under those conditions.

Mr. BENNETT: How could it have been stopped?

Mr. PERLEY (Qu'Appelle): This grain commission should have inquired into it. Mr. A. T. Elders made a statement with respect to the value of this malting barley that was purchased in western Canada. He should be called to review the organization that was buying this barley. I think some means could be found of investigating this matter and preventing the farmers from being subjected to such a racket. I know when the farmers heard of it they were quite sore; but there was no redress they could obtain. I think the thing should be investigated.

The grain commission was set up last year following an investigation by a committee of this house into the actions of the wheat board. I was hoping that the commission would meet early enough so that a report could be presented in time to cover the marketing of last year's crop, but it looks now as though any report that may be presented will not be of any value as far as next year's crop is concerned.

I agree with the leader of the opposition when he says that there must have been some other man in Canada who could have made this investigation. Mr. Justice Turgeon has been busy with another commission and it was regrettable that some other man was not appointed. I do not intend to criticize the personnel of the commission so far as the counsel and the other persons named by the minister are concerned. However, I think it should be noted that Mr. Ralston has received in the neighbourhood of $15,000, and the commission has sat only thirty days. Of course, it first commenced its work on November 18 last year. If these salaries are to continue I think we should see that the work is proceeded with more quickly and a report made in time to permit some action being taken in connection with the marketing of the next crop.

I can assure hon. members that the farmers of western Canada are not going to stand being kidded as they were last fall. In the dying days of the last session, on June 22, the minister made a statement in reply to some remarks I had made. He said that the government would take steps before certain members went overseas to decide upon a policy in connection with the marketing of the 1936 crop. But the announcement was not made until August 28, and the action they took simply meant that the act was not operative last year. I trust that things will be different this year and that the farmers will know in good time what is to be done.

Mr. CHURCH: Mr. Chairman, I rise to protest against this expenditure of $103,000. I can remember when I first came to this house that great protectionist newspaper, the Toronto Telegram, spent $20,000 to investigate the grain business and the operations of the grain exchange as carried on under Liberal premiers in the three prairie provinces. I want to protest against this commission roving all over Canada. This commissioner has completed his work on one commission without making a report, and then this other travelling minstrel show starts off. It is going to travel all over Canada to investigate the grain business. I can remember when Mr. Ralston, the counsel who is receiving $200 a day on this commission, sat in this house during the discussion on the grain bill. This multiplication of committees and commissions is causing the people

of Canada to lose respect for this parliament. It represents the decay and decline of the House of Commons. This is the seventeenth commission to investigate grain since confederation. I have the greatest respect for the chairman, as well as for Mr. Ralston, both of whom I have known for some time.

I can remember the discussion which took place when a new grain act was proposed on July 4, 1935. If there is one piece of legislation that redounds to the credit of the leader of the opposition (Mr. Bennett), it is the grain legislation of 1935. Sixteen reports had been received from royal commissions since confederation down to that date, and this was the first real effort made to assist the farmer in fighting the grain exchange, the transportation combine, and the elevator combine. The Minister of Mines and Resources (Mr. Crerar) was in the house in 1924, and he will remember the investigation carried on at that time by the Toronto Telegram. That investigation covered operations in England, in the United States and in Canada. I was never an enthusiast for the Union government, but they made an honest effort in this connection. I should like to quote the words I then used. They were;

> The hon. member for Marquette (Mr. Crerar) and others combined courts and lawyers and injunctions into a prohibitive tariff against inquiry into the methods of the big interests that handle wheat—

That was about the thirteenth inquiry, at that time. Continuing:

> . . . not excepting the big interests in this country represented by the hon. member for Marquette. I was never an extremist in my enthusiasm for Union government. But the Union government honestly tried to protect the western wheat producer against the big interests. The western wheat producers have fulfilled in their experience with the hon. member for Marquette and his followers in this house, the words of Scripture, "A man's foes shall be they of his household." The worst enemy of the western wheat growers is the policy of the Progressive party, its leaders and its representatives in this house. The next opponent of the western wheat grower is the present policy of the Liberal party, its leaders and representatives in this house and in the capitals of the prairie provinces. The best friend of the western wheat grower is the policy of protection.

What did Mr. Justice Turgeon's report show? It showed, as I charged in this house, that there was bootlegging in grain. I went to the harbours of Buffalo, Baltimore, New York and Boston, and I found them mixing Canadian No. 1 with American grain and shipping the product overseas, with great loss to the people of this country. They milled the mix in Buffalo as a No. 1 grade of flour and exported it to Europe. The first Turgeon report showed these charges were proven, and it was expected that some results would follow. What was done? Not one clause of that report was adopted.

Now the government is going to spend another $103,000 for political purposes—that is all it amounts to. It is just carrying on the debate from back in 1935. One of the greatest services ever performed for this country by the present leader of the opposition was when he exposed in all its forms the shallow nature of these inquiries and when he brought down a measure of public ownership, because the grain business is a public utility which should be operated by the country, getting rid of the middlemen, the grain exchanges, and of the gamblers in futures. But all these conditions continue in the industry, with the result that the poor farmer is fleeced out of a fair price for his crop—the best grain grown in the world.

Mr. Ralston, who was then the member for Shelburne-Yarmouth, took part in this debate. I do not understand why he was appointed as counsel for this commission. If you look over the list of clients for whom he has appeared, not only at that time but since he has ceased to be a member of this house, I think it shows that he is disqualified automatically from acting on behalf of the commission. I doubt whether we shall get five cents worth of value for this whole $103,000 of expenditure. Not one red cent shall we get. You will have a report made by the same respected chairman of the commission who functioned ten years ago. His report of that time was pigeonholed and was made a scrap of paper. Mr. Ralston disqualified himself as counsel for the commission by a speech which he made in the house. In the course of the debate on the grain board on July 4, 1935, he used very strong language; I have never heard him use such terms as he expressed on that occasion, and I was astonished at what he said. At that time I referred to it in these words:

> The hon. member for Shelburne-Yarmouth the other night used some strong language which I think was unworthy of him; referring to the leader of the government he used the words "bluff" and "bluster." Well, if there is bluff and bluster anywhere it is to be found in the support now of protection on grain as a policy of the Liberal party to-day.

The present commission is to be a travelling inquiry all over Canada to dig up facts about the grain trade, to consider protection versus free trade, and all that kind of thing.

> Well, if there is bluff and bluster anywhere it is to be found in the support now of protection on grain as a policy of the Liberal party to-day. After professing free trade they have been veering round to all sorts of protection, supporting now stabilization, subvention

and subsidies and bonuses. After going through the country denouncing the Conservative party as the enemy of the grain grower, what did they say in Ontario? They said that the greatest enemy the grain growers of the prairies had was to be found east of the great lakes in the manufacturers. Let me tell them that the greatest enemy the western grain growers had was west of the great lakes; that enemy was in the grain exchanges, the Winnipeg grain exchange, the elevator combines, the transportation combines and all the middlemen and profiteers who for many years past have had the poor grain grower by the throat. I say, therefore, that if this government has done nothing else to win the support of the people, it will merit that support for the progressive stand it has taken with regard to the nationalization of the grain industry. It has taken a national patriotic stand. There is no doubt that an emergency and a necessity had been created and the government could not have done anything but follow the course it has; it has "hedged" the grain and brought the whole credit of the country to the support of these "hedges" or bankruptcy faced Canada. Every part of the country is interested in the bill, and the other night in my constituency, referring to this legislation, I said that it would forever eliminate the operations of the middlemen, profiteers, the grain and elevator and transportation combines and all the other gamblers in futures who have had a stranglehold on the poor grain farmer. It will remove the middlemen and the profiteers and give the farmers a higher price for their wheat.

I doubt if any value will be obtained for the whole $103,000. We are merely duplicating the work which was done years ago. One of the greatest things ever done for the farmer came with the announcement by the then Prime Minister (Mr. Bennett), when Mr. Ralston was sitting on this side of the house, that there would be a minimum price for the grain sold. If the then Prime Minister had not hedged the grain, the country would have been bankrupt.

As far as the sales of grain were concerned, they were handled admirably. The other day I was at the opening of the new Toronto stock exchange, and I talked about this matter with a number of bankers, some of whom were Liberals from the maritime provinces, and they said history would show that the present leader of the opposition had met the crisis of that time in a manner which reflected the greatest credit upon him.

I cannot see why all this duplication of work and waste of public money should go on. We are elected to parliament to administer the affairs of the country. As I said on May 5, 1924, when opposing one of these commissions:

> It cannot be too plainly stated or too often repeated that the United States is now a relatively small factor in making world wheat prices. Canada is a much larger factor and European markets are receiving large quantities of wheat at lower prices than even Canada is making. Moreover, Canada and other countries are able to produce wheat at lower costs than those ruling in the United States. The wheat council in the United States bases its appeal for a higher tariff upon a showing that costs are much lower in Canada.

I also said, when discussing in 1935 the policy of the present leader of the opposition:

> Every part of the country is interested in the bill . . . it would forever eliminate the operations of the middlemen, profiteers, the grain and elevator and transportation combines and all the other gamblers in futures who have had a stranglehold on the poor grain farmer. It will remove the middlemen and the profiteers and give the farmers a higher price for their wheat. I said further that the day was not far distant when we would have a national policy in connection with our hard wheat, a milling policy, a policy that would handle our wheat right through this country and mill it in Canada, ship it overseas and place it on the markets of the world. It is fortunate for this country that we have at the head of the government to-day a statesman who has brought about this reform. I have every respect and great admiration for the hon. member for Shelburne-Yarmouth, whom I have known for a great many years; I knew him and his partner before coming into this house. But when the hon. gentleman advocates an inquiry into this particular Canadian cooperative wheat association let me say this to him and to the Liberal party in this house. Years ago they were not so anxious to have a grain inquiry. What did Mr. Crerar do? When the Union government made a strenuous and brave effort in 1921 to come to the support of the prairies to help the poor grain grower who was being fleeced out by the middlemen and profiteers, out of a fair price per bushel for his grain, where were the Liberals and the Progressives?

They were standing together to combine courts and injunctions against free trade in grain.

The CHAIRMAN: I must ask the hon. member for Broadview to confine his remarks to the resolution.

Mr. CHURCH: I am well aware of all this, Mr. Chairman. I know the rules just as well as you do.

Some hon. MEMBERS: Order.

An hon. MEMBER: Take that back.

Mr. CHURCH: Mr. Chairman, I have not concluded. I am opposed to the vote of this $103,000. Though I am not prepared at present to move to strike it out, it should be struck out. It is throwing money away. With all the multiplying of committees and commissions, parliament has no powers at all. We have a committee on agriculture which can go into these matters; why is it not allowed to do so? I wish to protest against

the encroachment upon the powers of parliament, and to say that while I have respect for Mr. Ralston as a lawyer, I believe him to be prejudiced in relation to the subject matter of the inquiry.

Mr. BENNETT: There are a few questions I would ask the minister. Will the commission investigate the grain and elevator companies that acquired stocks of grain at the lake ports, and their profits, as was done in the case of the textile companies, and ascertain what happened in connection with the rest of the crop that was sold, in connection with which there was a loss of $15,000,000, though there appears now to have been a profit of $8,000,000. Will these matters be investigated?

Mr. EULER: The hon. member for Qu'Appelle (Mr. Perley) was anxious to know whether certain matters would be investigated, and the leader of the opposition (Mr. Bennett) also inquired with regard to other specific questions without making any very definite charge. I think it will be found that the order of reference covers practically anything that the commission might desire to investigate. I have it before me and could read it if the committee desired, but that is hardly necessary.

I am surprised that my hon. friend from Qu'Appelle should criticize the appointment of the commission, as he has done. He was a member of the committee of last session, and that committee was unanimous in its recommendation to the house that an investigation should be held; and the house unanimously adopted the committee's report, so that there seemed to be unanimity all round on the desirability of holding an investigation.

I must disagree with the hon. member for Broadview (Mr. Church) when he says that there is no value in the work that is being done by the commission. Conditions have changed greatly in the grain business, and particularly in wheat, in the past few years, and it was the unanimous opinion of our committee that the commission could do very valuable work which would be in the interests of the producers of wheat and other grains.

My hon. friend (Mr. Perley) made some reference to an alleged corner in barley. I am informed that some evidence was taken at Winnipeg during the sittings of the commission there.

With regard to what the leader of the opposition said a moment ago, constituting certain more or less veiled charges, though I am not saying that in any spirit of criticism, I cannot say at the moment whether the investigation will cover that particular point, but I am willing to pass on to the chief commissioner the remarks made both by the leader of the opposition and by the hon. member for Qu'Appelle.

Mr. BENNETT: Perhaps I had better amplify the statement I have made. Inasmuch as the commission presided over by Mr. Justice Turgeon in the textile inquiry investigated several companies engaged in the industry, it is desirable that he should investigate the various grain companies that acquired from the grain board, presided over by Mr. Murray, the wheat that was at the lake ports and should ascertain who owned that wheat, the visible wheat in Canada at the present time.

Mr. EULER: Any particular time?

Mr. BENNETT: At this time, before the opening of navigation. The commission should ascertain who owns the wheat and should investigate the accounts, showing the profits with respect to these transactions, and if possible account for the statement made in this house by the Minister of Finance that $15,000,000 was lost last year, notwithstanding that he shows in his budget this year a profit of $8,000,000 from that same wheat. It seems to me that these are matters that should be investigated, and ultimately they will have to be investigated by some authority, having regard to the position occupied by Mr. Murray, and the fact that the advisory board was swept out of office by the government and a committee of the cabinet substituted for it.

The question of a combine that brought about the position in barley is a matter that can be investigated under the combines act. If the evidence given in part in Winnipeg is to be relied upon, I take it that the commissioner will investigate that matter as well.

I desire to associate myself with the statement that the report suggesting the appointment of a commission was unanimous. That statement is undoubtedly correct. But I do object to the appointment as commission counsel of one who made the remarks that were made by Colonel Ralston in this house in 1935 with respect to the conduct of the grain business in this country, and as to the character of someone engaged in that business. He thereby unfitted himself to act as commission counsel, however well he may be qualified to act for those who took a certain attitude towards the matter. Certainly the attorney general of England took the view that under similar circumstances one would be precluded from acting in a case of this kind.

Mr. DUNNING: With respect to any investigation of what the Minister of Finance said, I can perhaps remove the necessity for that in a moment. The facts are clear with regard to the budget statements both of last year and of this year. At the time, provision was made for an estimated loss of $15,000,000. That loss was shown to exist in connection with the then holdings on the basis of the then value. Subsequently the price went down so much as very largely to increase that loss, and still later, prices improved; and as I indicated in the budget, I was very glad to be able to say that we should receive during the fiscal year approximately $8,000,000, which would be an offset against the $15,000,000. It was not a case of a loss turning into a profit, but of a loss being less than that which was provided for a year ago. I will take the responsibility for the error in making such provision, if responsibility there be. There is no need to place that responsibility on anyone else, for it was wholly mine; Mr. Murray had nothing to do with it.

Mr. BAKER: Why was the loss estimated before the sale was made?

Mr. BENNETT: The order in council provided that the ultimate sale when made should determine the loss, and the loss was estimated by Mr. Murray, not the Minister of Finance, according to his sworn testimony. He made the estimate, and he did it having taken the wheat over under duress. There was a threat that if it were not handed over on a certain day, credit would be shut off and the authority of the government used for that purpose.

Mr. PERLEY (Qu'Appelle): I want to make my position clear. I agree that the report of the committee was unanimous, but it was so only because there was incorporated in it a clause that rendered it practically negative. Furthermore, as far as I was personally concerned, I never favoured the setting up of a commission for a further inquiry. I will admit that no vote was taken on the report and that the report was unanimous; but it was unanimous for the reason I have stated. It was on that understanding that I agreed to it. It was agreed further that there would be no discussion on it when it came into the house. The minister will remember that.

Mr. EULER: Which again proves that it was unanimous.

Mr. PERLEY (Qu'Appelle): Not necessarily. I agreed in the committee that there would be no discussion on the report in the house, but only when the minister undertook to arrange with the Minister of Agriculture that on a certain item in his estimates I should have an opportunity of discussing the question of marketing coarse grains. The report was tabled on June 11 and I sat here every day. I was here until thirty minutes before my train left on the second last night the house was sitting before prorogation. I had the report about fifteen minutes only. That is the reason I agreed to that unanimous report.

Before I sit down I should like to have an assurance from the Minister of Finance that this commission will investigate the question of the loss on the oats purchased in 1935 by the provincial government.

Mr. DUNNING: It is my distinct impression that the matter is before the commission.

Mr. DOUGLAS: I wish to associate myself with those who have expressed the feeling that the appointment of Colonel Ralston as commission counsel was an unwise move. I say that not in any spirit of criticism of the gentleman personally, whose integrity is well known, but in view of the fact that his prejudices are known to be quite strong, as shown not only in the debates that took place in this house, but for years past.

Mr. DUNNING: Oh that is not correct. That is all wrong.

Mr. BENNETT: In 1935.

Mr. DOUGLAS: It is not unfair to say that the associations of Colonel Ralston for the past few years have been with those who have decided views on this question, and the appointment of anyone who was prejudiced on either side was decidedly unwise. Whatever the findings of this commission may be, whether in favour of competitive marketing or cooperative marketing, there will be a feeling in certain quarters that the decision was based to a large extent on the point of view taken by Colonel Ralston in this house before he was appointed to this position.

Then in respect to salaries, the minister in reply to someone down here said that a good man deserves a good salary. That may be true. Nevertheless this commission is in the public eye in western Canada, where people on the land at the present moment are very fortunate if at the end of the year, after they have met the actual cost of taking off their crop, they have two or three hundred dollars left. To them a sum of $103,000 for a thirty days' sitting, and the payment of

$15,000 to one man for thirty days, seems preposterous. While it may not seem excessive to certain gentlemen who are in the habit of dealing in terms of lawyers' fees, which I suppose in certain quarters are phenomenal, nevertheless to the farming population it seems like flying in the face of providence. I can assure the minister that while this $220 a day for salary and expenses may not seem a large amount to him—

Mr. EULER: I did not say that it did not seem like a large amount.

Mr. DOUGLAS: Well the minister said "Good pay for a good man."

Mr. EULER: That is entirely different.

Mr. DOUGLAS: So he must be entirely satisfied with it. But in many quarters it will not be viewed in that light.

But the main criticism is that the whole purpose of the commission will be defeated by the fact that there has been brought to it, not a man who is considered to be impartial by the farming population, but one who is known to have a decided prejudice in the matter. The farmer feels that instead of getting a new deal, he is getting a deal in which the cards were stacked before the deal began.

Mr. FAIR: I also want to register my protest against the engagement of Colonel Ralston and the salary being paid him. While I am only a new member of this house, Colonel Ralston's name is by no means new to me, nor is it new to a number of those who sent me here. As was pointed out by the hon. member who spoke last (Mr. Douglas), his appointment is not at all favourable to the commission nor to those who set it up. I am afraid the effects will not be very good even though the commission may bring in the kind of report which we do not expect it to bring in.

Mr. KINLEY: Is the salary paid to Colonel Ralston out of line with salaries that have been paid by this and other governments of Canada in years past for the same kind of work?

Mr. EULER: At the moment I have a recollection of only one. One does not desire to make comparisons, especially between lawyers, for there are so many of them in this house. But I think the counsel who was retained for the price spreads commission received $150 a day, and for quite a long period.

Mr. KINLEY: How long was he at it?

Mr. BENNETT: Some months.

Mr. EULER: Yes, he drew a large sum. Perhaps I can satisfy the hon. member for Qu'Appelle (Mr. Perley) by quoting from the order of reference as it is contained in the order in council regarding the matter of seed oats in Saskatchewan:

All transactions to be investigated since the year 1930 pertaining to the handling of grain for relief and seed purposes in Manitoba, Saskatchewan and Alberta under dominion government guarantee or otherwise.

Item agreed to.

Resolutions reported, read the second time and concurred in.

SUPPLY—CONCURRENCE

Hon. CHARLES A. DUNNING (Minister of Finance) moved:

That the further supplementary estimates for the fiscal year 1936-37 adopted in committee of supply on March 24 and 25 instant be concurred in.

Motion agreed to.

WAYS AND MEANS

SUPPLY BILL

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

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

Mr. DUNNING moved:

Resolved that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the financial year ending March 31, 1937, the sum of $40,903,880.76 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time and concurred in. Mr. Dunning thereupon moved for leave to introduce Bill No. 82, for granting to His Majesty certain sums of money for the public service for the financial year ending March 31, 1937.

Motion agreed to, bill read the first and second time, and the house went into committee thereon, Mr. Sanderson in the chair.

Sections 1 to 4 inclusive agreed to.

On the schedule.

Mr. DUNNING: I just want to make sure, Mr. Chairman, that the amendment suggested the other day by the leader of the opposition (Mr. Bennett) in connection with the national defence vote is in your record copy.

The CHAIRMAN: Yes, it is.

Schedule agreed to.

Bill reported, read the third time and passed.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. Mackenzie King moved the adjournment of the house.

Mr. DUNNING: I should intimate that with respect to the reports of the tariff board which were tabled a few days ago, the government now have had an opportunity to give consideration to them, and the resolutions to be introduced in committee of ways and means with respect to the various matters will be printed in the votes and proceedings of to-day so that hon. members will have ample opportunity to study them.

Mr. BENNETT: You are giving notice of intention to move them?

Mr. DUNNING: Quite so.

Motion agreed to and the house adjourned at 10.58 p.m.

Wednesday, March 31, 1937

The house met at eleven o'clock.

ROYAL ASSENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following letter:

Ottawa, March 30, 1937.

Sir,—I have the honour to inform you that the Right Honourable Sir Lyman P. Duff, Chief Justice of Canada, acting as deputy of His Excellency the Governor General, will proceed to the Senate Chamber on Wednesday, the 31st of March, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be, Sir,

Your obedient servant,

F. L. C. Pereira,
Assistant Secretary to the Governor General.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

BANK OF CANADA—INTEREST ON LOANS

Mr. PELLETIER:

What amount is owing to or has been paid to the Bank of Canada for interest in respect of loans to the dominion government, the provinces and the municipalities, since the last day of February, 1935?

[Mr. Dunning.]

Mr. DUNNING: Information as to the payment of interest to the Bank of Canada by the dominion government is being tabled to-day in a return to an order moved by the member for Rosthern (Mr. Tucker). No information in regard to the payment of interest by the provinces to the Bank of Canada is in the possession of the government. The Bank of Canada Act does not empower the bank to deal with municipalities.

NATURALIZATION OF ORIENTALS

Mr. REID:

1. In what year and at what date did Canada decide not to grant certificate of naturalization to orientals or Japanese subjects otherwise qualified, unless Japan agreed to their expatriation?

2. How many Japanese subjects applied for naturalization as British subjects during the ten years preceding such date?

3. How many certificates of naturalization were granted during the ten said years?

4. How many Japanese subjects applied for naturalization as British subjects following said date?

5. How many certificates of naturalization were granted during the said ten years?

6. Since the regulations were changed, how many Japanese in this country has Japan agreed to expatriate and so allow them to become citizens of Canada?

Mr. RINFRET:

1. 1931, June 17.

2. Records of naturalization are kept only in respect to the issue of certificates and not in respect to applications received.

3. 602, to Japanese.

4. Same as in reply to question 2.

5. 109 certificates were issued to Japanese from June 17, 1931, to December 31, 1936.

6. Statistics not available.

INTEREST ON HOUSING LOANS

Mr. MUTCH:

1. What was the rate of interest charged the province of Manitoba by the federal government of the day on housing loans in each of the following years: 1919, 1920 and 1921?

2. Has the federal government in any instance reduced interest rate to any of the provinces on any of these housing loans?

3. If so, what provinces and what percentage of interest reduction in each case?

Mr. DUNNING:

1. 5 per cent.

2. No.

3. Answered by No. 2.

QUESTION PASSED AS ORDER FOR RETURN

CONTRACTS WITH A. STIRLING MACMILLAN AND MACMILLAN CONSTRUCTION AND LUMBER COMPANY

Mr. LAWSON:

1. What contract or contracts, if any, were entered into by any department of the government of Canada with A. Stirling MacMillan, contractor, Halifax, Nova Scotia, during the years 1925 to 1936 inclusive, and what was the amount of each contract?

2. What contract or contracts, if any, were entered into by any department of the government of Canada with the MacMillan Construction and Lumber Company, Halifax, Nova Scotia, during the years 1925 to 1936 inclusive, and what was the amount of each contract?

3. What sums of money were paid to A. Stirling MacMillan, Halifax, Nova Scotia, in connection with each of the contracts mentioned in question No. 1?

4. What sums of money were paid to the MacMillan Construction and Lumber Company, Halifax, Nova Scotia, in connection with each of the contracts mentioned in question No. 2?

5. What contract or contracts were entered into by the Canadian National Railways with: (a) A. Stirling MacMillan, Halifax, Nova Scotia, and/or (b) the MacMillan Construction and Lumber Company, Halifax, Nova Scotia, between 1925 and 1936 inclusive, and what was the amount of each contract?

6. What sums of money were paid to: (a) A. Stirling MacMillan and/or (b) the MacMillan Construction and Lumber Company in connection with each of the contract or contracts mentioned in question No. 5?

MOTION FOR PAPERS

MCDONALD HILLS-DYSART MAIL ROUTE

Mr. MacNEIL (for Mr. Coldwell):

For a copy of all letters, telegrams, correspondence and other documents in the possession of the Post Office Department, relative to the McDonald Hills-Dysart mail route, from October 14, 1935, to March 15, 1936?

UNEMPLOYMENT

PROVISION FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

Hon. NORMAN McL. ROGERS (Minister of Labour) moved the second reading of Bill No. 80, to assist in the alleviation of unemployment and agricultural distress.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Short title.

Mr. T. L. CHURCH (Broadview): Is the minister in a position to reply to the question I asked the other night with regard to the larger municipalities? These agreements are only with the provinces; the municipalities are receiving nothing. The province of Quebec got $2,750,000, some of which was spent on roads but ninety-five per cent of which was expended inside of the cities, towns and municipalities. I would like an answer to my question. Does the government propose to give some recognition to the appeal of the municipalities, cities and towns, who carry so heavy a burden through taxes on real estate? I think the Minister of Labour (Mr. Rogers) should give an answer as to what has been done with regard to the application of the city of Toronto for four million dollars, and similarly with other cities. We are entitled to the courtesy of a reply. I do not come here for fun; I come here to speak for the municipalities I represent, and I am not going to accept such an answer as "See No. 1" which I got the other day from the Minister of Transport. It seems to me that in connection with this large vote the government should consider the point I raised the other evening on behalf of a city in which there is so much unemployment and such a heavy burden on the taxpayer for relief. There should be an amendment that agreements may be made with other large municipal units beside the provinces. Four of the provinces are in a state of bankruptcy; what is the use of municipalities going to them? The dominion has to pay the shot anyway. I ask, will the government extend the provisions of the act of last session so that the dominion can deal with large cities like London, Montreal, Ottawa, Vancouver and Halifax? I am entitled to a reply, and the bill will not pass until I get a reply.

Mr. ROGERS: The question raised by the hon. member for Broadview (Mr. Church) is one of a number which I had undertaken to answer when the bill was before the house in committee. The question he has raised is quite a proper one from his point of view. I would remind him, however, that under the present as under the previous administration, the dominion government in dealing with unemployment and relief matters has negotiated agreements with the provincial governments. I do not think I need emphasize the fact that, though it is physically possible to deal with nine provinces in this matter, it would be physically impossible to deal with some 3,000 municipalities. I take it that the matter in which the hon. member is really interested is the measures that can be taken in municipalities to provide joint works which will assist

in relieving unemployment. There is no reason why in our agreements with the provinces arrangements may not be made, as they have been made in some cases, to provide works within cities and towns. In general that has been done upon the basis of contributions from municipality and province and dominion; it has not been done, to my knowledge, on the basis of the dominion making an outright contribution for works to be done within a particular municipality. I can only assure him that in our negotiations with the provinces with respect to unemployment and relief I shall bear in mind what he has said with regard to the importance of having more work done within our larger cities for the relief of unemployment.

Mr. CHURCH: I do not wish to detain the committee, but may I say that that was the same reply we got on Bill 62 last March. Surely the time has come when the government can see the futility of expending this money by handing it to a province. I can tell the minister that Toronto has not had one red cent towards relief works from the province of Ontario. The financial affairs of Toronto represent four times the turnover of the province. The city is willing to give a third for relief works, yet it is asked to apply to the province, which has already taken so much by way of income tax from the city that now, when anyone is considering the purchase of real estate, he finds that the taxes are a rent in themselves. Look at the favourable treatment which Saskatchewan got yesterday. The time will come when the municipalities will have to obtain some federal aid, either under this or under some other bill. The present act is unfair. When a deputation from Toronto came to interview the minister he was, unfortunately, sick from overwork and they saw the Prime Minister (Mr. Mackenzie King) and the Minister of Justice (Mr. Lapointe), both of whom, I may remark, receive with respect and deal patiently with every deputation which has occasion to visit them; the same can be said of the Minister of Finance (Mr. Dunning). But I think the Toronto deputation was entitled to better treatment than to be told to go over and see Mr. Purvis. When they saw Mr. Purvis, after he had addressed the Canadian Club and told them how many thousands of men had been taken off the pay-rolls, they were told to go up and see the government at Queen's Park. I do not wish to discuss or interfere with provincial affairs and have never done so. I recognize that in the province another government deals with provincial business and that ours here is a federal jurisdiction, but I would point out that if we are voting these moneys to the province we should have something to say as to where they shall be spent.

I can tell the minister how this relief money is now being spent. In Quebec, municipalities get government aid for court houses, sewers, street widening and pavements—right within the four corners of the municipalities —and the same thing is done in other provinces. The federal government hands money to the province of Ontario, and how is it spent? On a road program, for which, under the British North America Act, the province is financially responsible. Not by the widest stretch of the imagination can one of these roads be regarded as a federal work. But as I have said, the federal minister last fall could not see his way to discuss the matter with the Toronto board of control, and told the deputation to see Mr. Purvis; he in turn told them to go to Queen's Park; and there probably, if the bill should pass in its present form, they will be told to go and see the man in the moon.

An hon. MEMBER: Or Santa Claus.

Mr. CHURCH: Or the minister who answers questions by "See answer to No. 1." I wish to protest against this kind of thing. We have got literally no value for these federal funds. They are handed over to people who spend them sometimes for political not economic purposes. As I said yesterday, the roads they are constructing are uneconomic. The hon. member for Parkdale (Mr. Spence), who is present to-day, can tell the house how the deputation I have mentioned was received, because he was present and knows what happened. If the present system goes on unchecked we may look for the disappearance of the municipalities. The provinces will have to take over the municipalities, and finally the federal government will be required to step in and take over the provinces.

Where do the cities stand in relation to this vote? We shall have to make returns by the end of next month in respect to income taxes, and Toronto will pay nearly thirty million dollars income tax and contribute ninety million dollars to the federal field, yet Toronto cannot get one cent for relief. Thousands upon thousands of our workers are out of employment and have lost their equities in their homes. I am here to protest against the present system of relief distribution, and I tell the minister that it may be good politics but it is bad practice to hand all the money over to the

provinces. The government of the day had some experience in 1919 of the results of paying money direct to the municipalities. At that time $25,000,000 was voted for housing reconstruction, and the municipalities to whom it was loaned handed back every dollar excepting five per cent. Has Saskatchewan paid back what it received? Has any other province paid back its loans from the dominion? None that I know of. Yet in this bill we have preserved the same bad principle which appeared in the bill of last year. I look around me and see on both sides of the house men who have come up from the municipalities; they know the burden that the folks back home are carrying, in trying to balance the tax rate. Surely they will agree with me that a clause should be added to the bill enabling agreements to be made with the municipalities where necessary. People could telephone Mr. Gordon, the ex-minister of labour, and get relief "over the telephone," because the minister wanted to provide relief where it was needed.

The unemployed cannot go up to Queen's Park to see the provincial government: if they went there they would soon be put out. The unemployed are flocking to the town hall every day asking questions, and throughout the country they are beseiging all the town halls. I do not wish to criticize the minister personally; I have never done so and I do not intend to do so now; but I believe the time has come when some permanent measure should be adopted to deal with and to solve the unemployment problem. The mayors of Canada from coast to coast were here about ten days ago, Liberals and Conservatives alike, to present the facts to the government. They know what the condition is. I do not know of anyone in this house who to-day is really anxious to own real estate, for federal and provincial taxation is getting higher all the time. Something ought to be done to deal with this problem in a fundamental way.

Mr. ROGERS: I share the hon. member's regret that I was unable to meet the deputation from Toronto. The deputation wished to interview a number of ministers at that time, and I did not feel that my own inability to be present was sufficient warrant to postpone the meeting. Had I not been ill I most certainly would have been in my office, and I think I can assure the hon. gentleman that I would have tried to give that courteous hearing to the deputation which it deserved. I wish to repeat, however, that in our dealing with unemployment and relief we cannot do otherwise than deal directly with the provincial governments. After all, the provincial governments are in a better position to know the relief needs of the various municipalities than is the dominion government. Not only that, but the municipalities are in a very real sense the creation of the provinces; and while, as I have stated before, there is no reason why certain moneys may not be available for works to be performed in the municipalities, I am still of the opinion that in any arrangements made towards that end we must deal with the provincial government and not separately with the municipalities.

Mr. BENNETT: There is one comment to be made in that respect. Why should not the government in the agreements provide specifically for the earmarking of certain funds for the municipalities? I am bound to say that the situation in some instances beggars description. The truth is, the municipalities have exhausted themselves in paying relief for those who have come in from the country, and a little employment would do something to relieve the strain. As a matter of fact, in our time, it was done specifically by providing that certain sums of money advanced to the province should be applied to work in, say, municipality A for the purpose of defraying half or one-third or whatever proportion of the cost might be determined. It is true that the government can make agreements only with the provinces, inasmuch as the municipalities are really and truly the creation of the provincial authority. On the other hand, to overlook the claims of the municipalities would be a great mistake in view of the burden they are carrying, a burden which is really not theirs; it is a burden imposed upon them by reason of the fact that they are municipalities to which people flock from all sections of the country. That is true of Vancouver, of Calgary and Edmonton, and it is certainly true of Winnipeg. We did make an agreement there in connection with the sewer, which was a highly necessary work having regard to what had occurred in the river, and that work relieved them of a portion of the burden. It provided employment, to which the dominion made a real contribution. The same thing happened in Montreal and, as the minister knows, in Kingston and in various other communities throughout the country in the last few years.

While I agree entirely with the view that you cannot make bargains with the municipalities, I would urge that in connection with these matters the minister should see that certain moneys that are appropriated for this

branch of relief shall be earmarked for the municipalities in the agreement made with the provinces.

Mr. ROGERS: I am impressed with the importance of carrying out such a measure as is suggested by the leader of the opposition. That was emphasized quite strongly at the mayors' conference which met in Ottawa a short time ago. It will be understood, however, that in this matter we cannot proceed unless the two governments are agreed. We contribute fifty per cent and the province contributes fifty per cent, and it is necessary to secure an agreement between the two governments with respect to a particular program of works that is to be carried out. I assume myself that the provincial governments would be impressed with the importance of having some work performed in the larger cities, and I can assure the committee that this aspect of the question will be given serious consideration when we meet with the provincial governments.

Mr. HEAPS: The bill was allowed to get its second reading without any discussion whatever and now that it is before the committee I suggest that the minister ought to give us some idea of what the government intends to do to cope with the unemployment situation in a broad and general way as well as in matters of detail. The other day when the minister spoke he told us about half a million unemployed in the country. We ought to know what the government intends to do not only to alleviate the conditions that prevail to-day but to deal with the unemployment problem in such a way as to bring about a permanent solution of it. The house and the country as a whole will be getting tired of handing out relief in the form of occasional public works. I do not know whether I am asking too much when I ask the minister to tell us what the government's policy is. We have usually discussed this subject at great length in other years, and at this stage of the bill it would not be out of place for the minister to give us the information I ask for. I have no doubt that the government has been working hard at the problem during the past twelve months, and a commission has been at work for several months delving into various aspects of it. I would ask the minister to be good enough to tell us what the government's policy is in dealing with the problem in an effective and permanent way.

Mr. ROGERS: The hon. member made a similar suggestion when the resolution was before the committee. At that time I proposed to him that it might meet the convenience of the house if, when the supplementary estimates were under consideration at a later date, I made a statement with respect to each item. Having regard to the discursive debate we had when the resolution was before the committee I have been confirmed in that opinion. It does seem to me that there would be a decided advantage in having our criticism focused upon some particular measure which is being discussed with respect to unemployment and relief. In the estimates of the Department of Labour as given in the special supplementary estimates there will be found a number of distinct items of expenditure which will be authorized by parliament in connection with unemployment and relief. I would suggest to my hon. friend therefore that we are more likely to get a reasonable and intelligent discussion of the whole subject if that course is followed. In other words when each of these items is called I propose to make a statement as to the progress made in respect to each measure as it is repeated in the estimates of this year, and also to indicate what reasonable expectations we may have as to the progress that may be made under a new or similar measure during the coming year.

Mr. LAWSON: When the minister refers to items does he mean items in the estimates?

Mr. ROGERS: Yes. This bill is really an instrument under which we work, under which agreements may be made with the provinces to carry out measures with respect to unemployment and relief. The special supplementary estimates will provide the means by which those measures can be realized. Therefore the special supplementary estimates will indicate definitely the measures which will be taken by the present administration with respect to unemployment and relief during the coming fiscal year.

Mr. HEAPS: In the supplementary estimates there are probably two classes of provision being made; provision for certain public works, and provision for relief. Beyond that has the government any intention of taking any other action?

Mr. ROGERS: There are some half dozen items each relating to measures being taken to deal with particular aspects of the problem of unemployment and relief.

Mr. MacINNIS: In what respect, if any, does this measure differ from the one of last year?

Mr. ROGERS: There are very slight changes in this bill as compared with the Unemployment Relief and Assistance Act of last year.

As I mentioned a moment ago, the act is an instrument under which we make agreements with the provinces with respect to particular measures to deal with unemployment and relief. There are some minor changes, and I shall indicate these as we proceed with the various clauses of the bill.

Mr. ANGUS MacINNIS (Vancouver East): The minister suggested, in answer to a question asked by the hon. member for Winnipeg North (Mr. Heaps), that it would be better to leave detailed discussion of this measure until we come to the estimates provided for relief and unemployment. It seems to me that if we cannot have a discussion on relief and unemployment under this measure, the Unemployment and Agricultural Assistance Act, 1937, we cannot have a real discussion on the matter at all. When the minister last year introduced the resolution to create the National Employment Commission he said that commission was necessary in order that we might get a general policy in regard to unemployment and employment and associated questions. This is the seventh consecutive year that we have had a measure of this kind before us. This year's bill is not greatly different from the acts of other years. Yet we have had this National Employment Commission for a whole year to do what the minister suggested must be done before a policy on unemployment and relief could be developed. I should like to refer briefly to the minister's own words as found in Hansard for March 19, 1936, at page 1257:

Mr. Rogers: As the resolution indicates, the purpose of the legislation which is to follow is to create an agency which will facilitate cooperation between the federal government, provincial governments, municipalities, industrial corporations, labour organizations and social welfare agencies in dealing constructively with the problem of unemployment and relief.

If that was the purpose for which the National Employment Commission was appointed, a commission which has now been in existence for a year, surely we should have something more than the same bill that we have had for the past seven years.

Then I quote from the Prime Minister, speaking on the same date and on the same subject, as reported at page 1259:

Mr. Mackenzie King: May I say to the hon. member—

He was replying, I think, to the member for Davenport (Mr. MacNicol).

—that the late government tried to deal with unemployment in the manner he has described, namely, through the agency of the Department of Labour and the minister at its head. In each of five consecutive years they found that they could not by that means obtain satisfactory results. Obviously it cannot be done, because the Department of Labour like other government departments is formed to carry on the business of normal times, not to deal with such abnormal and exceptional conditions as the unemployment problem in Canada has presented. If this method of dealing with an extraordinary condition had been followed five years ago there might not have been the necessity for this legislation.

And here we have the same old bill again, the same old treatment for the unemployed, the same old treatment for those on relief, as we had in those other years. Why then appoint a costly national employment commission? I have here sessional paper No. 128, tabled on February 3. I have looked through it and I am satisfied that there is nothing in that report from the National Employment Commission that could not have been had by the Department of Labour by merely writing to the municipalities and asking for it. It is merely a tabulation of those on relief in various categories, and the information was received from the municipalities. Nothing new has been brought out. In every year since 1931 when this question of unemployment relief was brought up we had a great deal of discussion. I have before me an excerpt from the speech made by the present Prime Minister, then the leader of the opposition, as reported in Hansard of February 24, 1933, at page 2472. He said:

Dealing with the question of unemployment, there are two natural main divisions, one which concerns temporary unemployment due to an emergent situation, and measures necessary to meet it, and the other which concerns unemployment as an inevitable incident of industry and the permanent measures essential to meet a situation which unavoidably arises in connection with modern industrial organization. With respect to the first, the present government's policy is that of the dole—

Has that been changed?

—and, with respect to the second, they have no policy at all. Such policies as they have with respect to trade and the like, their fiscal policies, are all of a nature to strangle trade instead of encouraging it, and more than anything else are responsible for unemployment in Canada reaching the proportions it has to-day.

After such a statement I thought that when the present Prime Minister came into office the first thing he would do would be to put into effect a policy to deal with the emergent situation, and then he would bring forward a policy to deal with what he termed "unemployment as an inevitable incident of industry and the permanent measures essential to meet a situation which unavoidably arises in connection with modern industrial organization." But in the two sessions that we have had there has been no attempt to deal with either the emergency situation or the other, differing from the way the

old government dealt with them; and there is certainly nothing before us now that deals with what the Prime Minister rightly called at that time unemployment as "an inevitable incident of industry . . . . which unavoidably arises in connection with modern industrial organization." Now that is the question before this house, and until we face that question, and realize that we have passed from one stage of industrial development to another, and that the methods and means of the past will not suffice for to-day, we shall not make any progress in dealing with this matter.

The other evening the Minister of Labour referred to the improvement that had taken place, that is, to the smaller number of unemployed and the smaller number on relief this year as compared with last year. If one looks at the record appearing in the Labour Gazette for each year it will be seen that the change this year has not been materially greater than the change in other years. There may be a slight change for the better, but the difference is very small. Let us take the index number of employment as at March 1 of each year, as given in this report which is published by the Department of Labour, as follows:

1937	102·8
1936	98·9
1935	96·4
1934	92·7
1933	76·9

So we find that each year since 1933 there has been a gradual increase in employment, and that increase has not changed materially from year to year. This year the improvement is very little greater than it has been in other years. As I have already said, again this year we have the same bill that has been brought forward every year since 1931, and the minister cannot give this house any information as to what the government is going to do during the coming year to ease this burden which is becoming intolerable to an increasing number of our people.

Mr. JAMES J. McCANN (Renfrew South): I am glad the Minister of Labour is remaining firmly behind the policy of the government of dealing with the provincial governments directly as against dealing with the municipalities. I can readily understand that there may be peculiar difficulties in some cities, in Toronto perhaps in particular, but I see no reason why Toronto should be dealt with differently from any other municipality throughout Ontario. They may have some special projects in mind for relief purposes, but if they have none better than the project suggested a few years ago, that of constructing a tunnel from Toronto to an island out in lake Ontario, perhaps they are not entitled to any special consideration. I have no doubt that if the hon. member for Broadview and the controllers and city council of Toronto would approach the provincial government at Queens Park, certain projects would be commenced in that city which would help relieve the situation there.

A few moments ago the right hon. leader of the opposition made reference to the fact that a great many unemployed flock from the rural municipalities to the large centres, where they become a heavy burden. The policy of the federal government initiated last year in conjunction with the provincial government in connection with road building should help meet that very situation. If that policy is continued this year I am sure it will be a very important factor in providing work in rural sections and helping to alleviate the condition of which the right hon. gentleman has complained.

With reference to projects that might be carried on in municipalities other than large cities, I have in mind one or two undertakings which I should like to bring to the attention of the government for consideration. I refer particularly to rural schools. Everyone in this house knows that throughout Ontario and the other provinces the rural schools are in a very serious state of dilapidation, and the municipalities are not financially able to undertake the reconstruction of these buildings. I suggest to the government that they might well consider granting to the provinces a million dollars a year for the next five years, pro rata to their population, and earmark that money for the reconstruction of rural schools. We are all concerned about education. We all know the rundown condition of these schools and the poor facilities they offer the youth of Canada. We have heard a good deal with reference to the necessity of doing something for the youth of Canada, and I respectfully suggest to the Minister of Labour that he could do nothing better for them than to provide modern schools, with up to date lighting, heating and ventilation. These are the buildings in which our young people spend a great part of their time until they are fourteen or sixteen years of age, and in their present condition these buildings are a disgrace to the country. If we are looking for constructive work I cannot suggest anything which should be given greater consideration or which would be more to the public good.

Then if we go to the Postmaster General (Mr. Elliott) in order to have a new public building constructed in a small place we are told, "Well, the revenue from that municipality is not sufficient to warrant the con-

struction of a public building there." That policy has been in effect in this country for thirty or forty years, and it is high time to bring it up to date. Twenty-five or thirty years ago it may have been considered that a municipality of eight hundred or a thousand people did not produce revenue sufficient to warrant the construction of a public building, but that policy should not be followed indefinitely. I submit that a great many of these small communities need modern public buildings costing anywhere from $8,000 to $10,000. Those buildings will be there as long as this country remains, and at least those communities are the centres of agricultural districts. I think we could well afford to change the policy of the government in that regard and put up many of these small public buildings throughout the country.

I hope the government will give consideration to these two suggestions, and that the policy put into effect last year of constructing feeder roads to the Transcontinental railway will be followed again this year. The policy of road building probably is not fully appreciated by those in the cities, but let me say that it is doing very much more for the newer parts of Ontario than appears at first sight. For instance, we have a city tell us that it must have a public building costing half a million or a million dollars. After that building is completed how much employment does it give? It may require a janitor, a stoker and two or three elevator men, which means that there may be five or six people employed in a building costing perhaps a million dollars. When we open a road into a country, and particularly into a mining country, and that country makes good, we probably add hundreds of millions of dollars to the wealth of the dominion, give employment to thousands of people, create building projects, build towns and bring into that community hundreds of people who will carry on business in all its ramifications. All the work, and the benefits accruing therefrom, in connection with the opening of a new country by means of a road, are incalculable at the time it is undertaken. But in the north country it has been proven over and over again that the wealth, the number of people and the amount of business carried on in newly developed regions have repaid many times over the initial cost of road building.

In the older part of Ontario, and particularly in the upper Ottawa valley, money has been spent in road building. That expenditure has not only helped to relieve the unemployment situation but has opened an avenue for tourists, of which we have had a great many in these last few summers, due to our road building policy. I suggest that the Minister of Labour continue to follow the policy in that regard which he has already inaugurated, but I would urge that he take particular care to earmark some of the money for particular purposes. When we are paying fifty per cent of relief expenditures, it should be the privilege of the federal authority to have some say in earmarking some of the money and designating some of the works which should be done in the way of relief. If that is done we will relieve unemployment in rural districts and stop the rural people from going to the cities, thereby indirectly relieving the condition in the more congested municipalities.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): With the latter part of the speech of the hon. member for Renfrew South (Mr. McCann) I heartily agree, but it seemed to me that in the first part of his speech there was some little confusion with regard to what is involved in the present policy of the government. In the latter part of his speech the hon. member suggested certain kinds of work which might be undertaken, among others the building of schools. Of course education is entirely a provincial matter, and yet the hon. member quite rightly suggested that some of the relief moneys might go towards improving school buildings. He suggested further that certain sums should be ear-marked for definite, needy works. With that statement I quite agree. But I do not think that is the point at issue.

Most of us would be willing to agree that the government should deal with the provinces rather than directly with the municipalities, but the point at issue is that to a large extent the present policy of the government is to hold the provinces financially responsible. Then in turn the provinces hold the municipalities financially responsible. It is that policy to which I personally object. We say to the provinces, "We will give fifty per cent if you will give fifty per cent." Then the provinces go to the municipalities and they say, "We will give a certain percentage if you will become responsible for a certain percentage." Whatever may be true in Ontario and Quebec, it is pretty generally known that a number of the western provinces are almost on the verge of bankruptcy. It is well known that a number of the municipalities are in a similar position.

Under these conditions the present arrangement is not at all satisfactory and fails to meet the needs. What is the good of going out to ask a province, such as my own province, to increase its public works? It cannot be done. What is the good of my province going

to the rural municipalities and asking them to do something to give relief? It cannot be done. What is the good of going even to my own city of Winnipeg and asking the authorities to care for the unemployed, when in that city the problem has been so great in past years that the municipal administration has been staggering under the weight? The same could be said of Saskatchewan, and perhaps even with greater force.

The fact is that to-day we face a national emergency. Under the present set-up the federal government has access to financial resources which are denied the provinces and municipalities. That fact is so generally recognized that the government is appointing a royal commission to go into the matter with a view, I take it, of relieving to a certain extent the provinces and the municipalities of some of their financial burdens. Under those conditions it seems to me absurd that the federal government should follow the same old practice of holding the municipalities and provinces primarily responsible for the relief of unemployment. It simply cannot be done.

Meantime the provinces and municipalities are sinking further into debt, rendering a crisis almost inevitable. What is much more important, we are imperilling the social security of our communities, because of the growth of a great many evils which inevitably attend unemployment. I was very sorry indeed when yesterday the Minister of Justice (Mr. Lapointe) towards the close of his speech almost entirely undid what he had said in the earlier part of his observations. He referred to the facilities of the dominion government to keep down unrest. That is what we are being forced into. We are asked to accept a bill to create a reserve to the Royal Canadian Mounted Police, and yet all this time by our dilatoriness we are producing the very unrest which afterwards we must try to repress.

For many years the party in office has taken the ground that unemployment is primarily a municipal or provincial matter. It was because of its insistence on that stand that the Liberal party was thrown out of office.

Mr. MACKENZIE KING: It has not been the Liberal party only; all governments have taken the same view.

Mr. WOODSWORTH: When the other government took office it did proceed to take a great deal more responsibility. I agree, as I have said on former occasions in the house, that it failed fully to meet its responsibilities. I believe for purely academic reasons the Liberal party has been insistent that this is primarily a provincial or even a municipal problem. I utterly repudiate that contention. In the earlier days unemployment was due to local causes such as improvidence, drunkenness and that sort of thing. Naturally the local people might be expected to look after it. But to-day no one can say that that is true. Every person must admit that the unemployment we have had in the last six or seven years is due to great economic causes which are not merely dominion-wide but which are world-wide. Why then reiterate the old slogan about this being a local problem and about our having to hold the municipalities and provinces responsible?

The fact is that if we propose to deal at all adequately with the matter, it must be a dominion problem, and the finances to a great extent will have to come from sources open to taxation by the dominion. Let us consider one practical question which has come up again and again—I mentioned it the other day—the care of transients. In the governmental scheme where do they come in? It is all very well for the government to say, "Well, let the provinces look after them," and then for the provinces to turn around and say, "Let the municipalities look after them." As a matter of fact this country has been built up largely through the efforts of the great body of transient unskilled labour which was available. Our railroads were built with this class of labour. Our mining districts have been developed with this class of labour. Our western cities were built largely with this class of labour. In the past it was comparatively easy for this transient labour to go back and forth across the international boundary. Some hon. members will recall that a few years ago we used to have these labourers following the seasons. They would start in the southern states and gradually work up northward until they reached the wheat fields of western Canada. Until the combine came into general use, as well as other modern machinery, the western farmers were almost dependent upon transient labour. Most hon. members will recall the time when we used to have 10,000 or 20,000 young men come to the western provinces from Ontario, Quebec and the martimes, some of them returning home after the harvest was over. It will be recalled that our immigration policy was based largely upon the idea of introducing unskilled labour into this country. As I say, it was this class of labour which was to no small extent responsible for the founding and development of Canada.

Now that the depression has come on, where are these people? The majority of them have not been able to establish any fixed abodes.

Most of them have not resided long enough in any one place to become what would technically be called established residents. They have drifted about from place to place. Last year I met personally hundreds of these men in the city of Winnipeg. I had many of them in my home where I talked with them and got their stories. Of the number I interviewed, I do not think more than three or four had been born in Winnipeg or Manitoba. Most of them had been born in Ontario; some had been born in Quebec and others in the maritimes. Many of these men had been working in the logging camps in British Columbia and at various odd jobs about the cities. Some of them had been engaged for part of the year in the harvest fields of Alberta, for another part in Saskatchewan and for another part in Manitoba. They were stranded in Winnipeg. For several years there have been about 5,000 of these men in the city of Winnipeg.

Where do they belong? I would say that nearly fifty per cent of the group I saw in the city of Winnipeg would be almost unemployable. Many of these men have suffered almost as many disabilities as those who went through the great war. They have endured great hardships in carrying out their work and the result is that they are practically unemployable. It is certain they could not do the hard day's work they would be required to do if they went out on the farms. Many of these men have not been trained in any way and they cannot establish a residence anywhere.

What is to be done for them? I think the citizens of Winnipeg have been as generous as the citizens of any other municipality, but they are overloaded with responsibilities. They say that these people do not belong to them, that they belong to the province. We had hundreds of these men camped in front of the provincial parliament buildings urging their case upon the provincial government. But they do not belong to the provincial government. We cannot very well deport them to the provinces from which they came. It would require more mounted police than we have at the present time to keep these men off our railroads and our highways. They tend to shift from place to place; they drift from town to town, they get a meal or two here and then move on to the next town. Their wanderings know no provincial boundaries.

Only the other day, I discussed this matter with a number of this class of men from Ontario. If I am not misinformed, the minister was good enough to hear a deputation made up of some of the men who had been to see me. How are these men to get anything like a decent livelihood? They are not the responsibility of the municipalities, they are not the responsibility of the province, because they are here one day and away to-morrow. There are tens of thousands of these people, and who has a good word to say for them? Undoubtedly a number of them are becoming tramps and undoubtedly a certain proportion of them will become criminals. Society has not done the fair thing by them, and I think it is almost too much to hope that they will do the fair thing by society. It is this class of people who I feel are in a particularly difficult position in that under present conditions they cannot establish residence.

I come now to another class, the people who have drifted into the cities from the outlying country because the cities had organized charities. Many of the rural municipalities had no organized charity whatever and hundreds of these families, whose residence was technically in the outlying districts, have drifted into the cities. If the cities say, "Go back to the county from which you came," it would seem an almost heartless attitude to take, but I believe that attitude is being taken by some Ontario cities. The fact remains that many cities are finding themselves hard pressed. Many of the rural municipalities are practically bankrupt. These families moved into the cities because they were actually starving and they hoped to get enough to keep body and soul together. What is the use of sending them back to bankrupt municipalities where they would have no hope at all? I have often said that there seem to be too many lawyers in this house, and in addition too many members look at things from the purely legal aspect. Technically it may be said that these people belong to the different rural municipalities, but in reality that is not so.

Only the other day someone called my attention to a passage in Carlyle. I have not looked it up recently, but it referred to the earlier days in Great Britain when the poor laws were being rigidly enforced. An old woman came into a village and asked for help which was refused. It was during a time when smallpox was epidemic and as this woman had the disease, after she had stayed around the village for a few days she managed to infect a number of the residents. As Carlyle put it, this was to show that she really did belong. I think that thought ought to sink into the minds of the Prime Minister and the Minister of Labour. I am sure they do think about it, but it ought to produce action. As ministers they are the ones we have to hold

responsible. These neglected people will bring crime and trouble upon us just to show that they do belong. Technically they do not, but in reality they do and we are responsible for them.

What is the government proposing to do in the matter? Precious little. It came into office pledged to do something. First of all we had an employment commission set up. The minister said he could not act intelligently unless he knew the facts. As my colleague said a few minutes ago, I do not know that we are in possession of more facts to-day than we were then. We then had the general picture before us and what facts we have since obtained have not come to us because of the appointment of this expensive commission. We have been able to obtain facts that might have been obtained through the efforts of the departmental officials.

It is not facts that we need so much as it is some policy based upon those facts. Such a policy has not been brought forward by the government. In fact, in recent days we have had confusion worse confounded. We have had "the passing of the buck," to use a slang phrase, from dominion to province, from province to municipalities, and from municipalities to private charities, and then back again. In addition we now have this "fifth wheel," if you like to call it such, of the employment commission. It does not report to this house; we cannot tell in detail what it is doing; we do not know what its suggestions are; we are not informed, at least officially, whether those suggestions are being acted upon. The minister on his part takes more or less the attitude, "Wait till we get further recommendations from the employment commission." That is not good enough in view of the situation which has obtained for the last seven years. We now find statements even in some of the financial papers that it is understood that the government is not going to do anything this year. Why? Because, forsooth, the government will have to wait until a royal commission is appointed and has reported on the respective jurisdictions of the dominion and the provinces. It is the old game of wait, wait, wait—wait and see, in the hope that something will turn up; or, as my colleague very well puts it, wait and do nothing. The minister may say, here are the estimates. But let me point out that these estimates are essentially the reflection of the old policy and they do not adequately meet the situation.

The hon. member for Renfrew South made a very good suggestion when he pointed out that there are a great many community institutions which might usefully be developed.

[Mr. Woodsworth.]

In my judgment that would be a far better development than the erection of great "white-elephant" federal buildings. There are many other things that might be done. Take the housing question. I want to make this as a constructive suggestion, though of course it is nothing new. I notice, in the Free Press of March 29:

> Utterly disgraceful housing conditions exist at the present time in Winnipeg and in every other large Canadian city. They are very injurious to the health of the people who are crammed into congested quarters, and they lead to rapid moral decline. These are slum conditions, and the world knows their extremely harmful effect. It has striven to replace them by housing of a much better character. The United States is doing so, Great Britain has been doing so for years, and so has practically every other country in Europe. Canada alone has lagged behind. She has neglected this basically important health and social problem and has done virtually nothing. Are Canadians really so helpless or callous that they cannot improve on this record and end the interminable delay in providing decent housing accommodation for an unfortunate class in the urban centres?
>
> Not only is a vigorous attack on the housing problem long overdue in this country, but there never was a time when the employment that would thus be created was more needed. It is an ideal means of providing employment, since about 85 per cent of the expenditure on house construction goes to workers in the building trades and to workers in the industries producing the building materials. And there are thousands of men waiting for jobs in all the larger centres where the better housing is so urgently needed.

And still further:

> This cannot be done without the active interest and financial cooperation of the federal government. In all the other countries, the national governments have played a large part in the slum-clearing programs. The present government at Ottawa has shown that it is aware of the problem and apparently it has good intentions. But good intentions do not always lead in the right direction, and in this case they have led nowhere. With the end of the session in sight at Ottawa, there has been no evidence that the government feels the necessity of doing anything in this matter now.

And then the editorial, written by one who has been a strong supporter of the present administration, goes on to point out that something better might be expected because of the promises given by the Prime Minister and other members of the government. This is what the Prime Minister said during the election campaign of 1935:

> What I believe the country would welcome above all else would be a comprehensive scheme of urban and rural improvements. Such a scheme would appropriately include the clearance of slum areas, housing programs,

And so on. The Minister of Labour made a somewhat similar statement when he spoke in Winnipeg not long after his return to Canada.

According to reports, he suggested that next summer something might be done. Mr. Purvis, apparently, is in favour of a national housing program. In a recent broadcast he referred to the disgraceful housing conditions in the large cities, and the great advantages of a house-building program in providing employment. It is true that a measure has been brought down this session which provides for loans to people to help in reconditioning their own homes, but that is a mere bagatelle; it does not touch the problem to which I have immediate reference. That problem yet lies before us; and let me repeat, you cannot expect, Mr. Speaker, that that kind of work will be done by our municipalities—in the west, at least; nor can you expect that the provincial authorities can undertake it. If it is to be done at all it must be done by the federal authority.

To the Prime Minister and the Minister of Labour let me say that I feel confident—if they will permit me to put it this way—that no better political move could be made on their part than to provide work and at the same time supply decent housing for the tens of thousands of our citizens who are living to-day under what are virtually slum conditions. Why not? The only answer we can get is that we must wait until the royal commission decides the respective jurisdictions of dominion and province. I do not think that kind of an answer will satisfy the Canadian people at this time. It is positively ridiculous that after seven years of this great problem we should now be asked to pass a bill that provides for what is virtually the same policy as we have had for years past. I suppose we shall have to vote for the bill, clause by clause. What else can we do? But before doing so I am glad to have had at least this opportunity of voicing a protest against the inadequacy of the provision that is being made, and of urging upon the government, even at this stage, that they take another point of view and deal in a constructive fashion with this problem, which is bound to be with us for years to come.

Mr. J. J. KINLEY (Queens-Lunenburg): I think it is a sound principle that if you have something you want done you should secure somebody who has local knowledge of conditions. In respect to the matter under consideration there is no body with better knowledge of requirements, especially in the rural districts, than the municipal council. It is true that these councils may tend to be too skimpy, but they are dealing with a dangerous matter, something which may well give rise eventually to difficult conditions for the municipality. As regards the municipalities I represent, we have no relief as such. There has been some cooperation in the building of roads and in other public works; and I think it is correct to say that the government should be guided by the principle that there should be no payment of money for relief unless, if possible, work is done to pay for it. With regard to the cities the opposite is true, and there is considerable merit in the suggestion of the hon. member for Broadview (Mr. Church). It may be that the government should deal directly with the cities, where of late unemployment has been so prevalent that a city council can be maintained by the vote of the inefficient people in the community. For that reason, as this is a national problem, it may be that the government should take this attitude with regard to the cities, with their artificial civilization and special conditions, "We are not going to let this originate with the municipality, but we are going to direct it from above, in the interests of the general welfare of the people of this country."

In my riding there is very little unemployment, but our industries are so depressed that our people cannot earn enough to make a decent living. You naturally ask, what is the reason? The government told us that they have extended foreign trade and relieved unemployment. Let me tell the house that if the conditions would enable our fishermen to get the American market for our fish it would be of great advantage to the industry. We do not need any government help if we can have our export markets. Restore our market in Santo Domingo. We have lost that market, and have not bought a dollar's worth last year from that rich island. But European countries are dealing with the islanders, selling them various products, because they have made trade treaties with them. The island of Cuba is a potentially rich country producing goods that we could use in Canada. It exports natural products that we could make use of here, and it is a good market for our fish. To-day we are putting a dumping duty on sugar coming into Canada, imperilling one of our very best markets, because we are buying from Cuba less than fifty per cent in value of what we sell to them. The problem is to restore to the fisherman the export markets that he has lost. Some of the particular competing countries that sell their fish products in those markets are not in a position to make as satisfactory reciprocal agreements as Canada can, because they have not the same consuming capacity.

This bill speaks of the distress in the farming industry. Well, there is no better way of making an industry prosperous than by providing a market for it. Provide a market

for the fishing industry in Nova Scotia and you will provide a market for the farmer. If fishing is prosperous the farmer in the back country is able to sell his produce to the fishermen, those engaged in the timber business can sell their timber for the building of vessels; in other words, the man on the soil has a local market, which is the best market he can possibly have. Activity in our section of the province depends upon the primary industry of fishing. There is a splendid farming community in my riding; the valley of the La Have river and the Caledonia back country form a splendid agricultural area, but these farmers do not produce enough and are not sufficiently organized to enter world markets except in a few commodities such as potatoes, apples and one or two other things. The local market is important for them. If the primary industry of fishing is successful, then the little industries that produce the things which the fishermen require can also be kept going, thus sustaining the life of the community. I say therefore that the export trade in fish is the best thing we can possibly have for Nova Scotia.

I do not see very much in this bill for fishing but there is some provision for public works. The opinion is sometimes expressed here that money spent on public works is often wasted. It is not so in Nova Scotia, because the fishermen who live along the coast are in a depressed condition, and while they are not unemployed they do not earn enough to make a decent living. Supplement what the fisherman earns by his fishing, give him some work on roads or on public works which are necessary, and you will improve his lot. You will thereby give him enough money to get by in hard times. For that reason I believe that public works are eminently desirable in Nova Scotia. Let me impress upon the Minister of Public Works (Mr. Cardin) that the people down there do not believe that they should get something for nothing; they want to work for whatever they get, and they are satisfied with very little. So that public works there are clearly needed. We have not drawn upon the treasury of Canada for relief as some other parts of the country have done, not because we are not in need but because the people there try to live within their means and are content if they are able to make a decent living. I trust therefore that the government will give serious consideration to the question of restoring the lost markets to our fishermen. We should have reciprocal trade relations in which our fishermen should be given adequate consideration. I never could understand why pickled and salt fish were not acceptable to the United States under our trade agreement, because they do not produce these commodities. I suggest that there is a possibility in this direction which the government should pursue. Let us not forget that Cuba and Porto Rico consume more salt fish than the whole of Canada exports. Ten years ago the county I represent exported twice as much salted codfish as the whole of Canada exports to-day. Other countries have expanded their trade by means of treaties and the adoption of modern methods. Why should we be left out of the picture? Some of our members have hardly ever been to the seashore. Do not let us forget that after all the boundaries of Canada are on the sea, and even from the point of view of national defence it is important that we should sustain on our shores a virile prosperous population. Moreover, the people along the shores contribute to the general prosperity of the country.

I have said that other countries are stimulating their export trade. For instance, the republic of France gives a two-dollar export bounty on codfish; and even the island of Newfoundland, whose government some time ago got into financial difficulties, gave thirty dollars a ton towards the building of vessels. That island last year absorbed a part of the loss incurred in deep sea fishing. They produce about one million quintals of fish as compared with 225,000 in Canada. Newfoundland cannot make any independent treaties but under the wing of the British government, who have assumed the responsibility for the island's affairs, Newfoundland benefits in some instances by trade treaties made by Great Britain. France, Norway and other countries have stimulated their export trade. Why should we not also adopt modern methods? I say to the government, cooperate with those who know the business. If there are people down there who know the fishing business, people who have been successful in it, cooperate with them and help them to install modern machinery and to follow modern ideas. They are willing enough to do this but they have not the capital. They are not looking for a dole; they are simply asking for credit. Let us enable them to borrow cheaply and they will do the rest. Give them some encouragement, help them financially, and they will be eminently successful.

The fishermen should get a fair share of the consumer's dollar. In Nova Scotia the buying of fish is becoming centralized. I have under my hand the reports from vessels in which I am interested. These men are not getting their fair share of the consumer's

dollar. The duty on fish going into the United States is only one cent a pound. Over half the fish from Nova Scotia goes to the United States. A lot of it is hauled by rail to Detroit and goes in that way. I read in the papers the prices paid in Boston to the fishermen; I see haddock at seven or eight cents a pound when the Nova Scotia fisherman gets two cents a pound. If he could get three cents or two and a half, remember that the extra is all profit; it means that much more for the fisherman. The United States fisherman with the same amount of fish shares about three times as much as a fisherman in Nova Scotia; I have the statements here of individual vessels which I may put on Hansard some time when opportunity offers. I do not know just how we are going to get this fair price for the fisherman. Some people talk of a minimum price, but it is dangerous because it is apt to be considered the fair price, the price that should be paid. Furthermore the fish business is hazardous because of the perishable nature of the article. So that may not be the best way to deal with the matter. At the same time there should be some control over the price paid to the fishermen in this country in order that they may have their fair share of the consumer's dollar and make a decent living.

Now we have been here two years, and while we try to keep the interests of our industry before the government in an orderly and fair way, the provision that has been made for fishing, in comparison with other industries, has not been adequate. For instance the fisherman is not conceded a loan on floating property It is of no use to provide for loans to fishermen on real estate; the fisherman's estate is upon the sea. He may have a humble cottage; suppose you lend him money on his cottage, and some day he loses his boat. He has borrowed money on his cottage, so he loses his cottage as well and his last condition is worse than the first. There is legitimate need, and it is good business to lend money to certain branches of the fishing industry on floating property. It is being done now, but the resources of private industry have been depleted and they cannot continue doing it. The fisherman with real estate of value does not need to come to the government for money. He can get it elsewhere. He may have $5,000 in his boat and nets and equipment, and his house may be worth only $300 or $400. I think that the act introduced some years ago providing for loans to fishermen on real estate should be amended so that loans up to $2,000 or $3,000 could be made on floating property. It can be insured. Do it through the banks; allow the banks the fifteen per cent margin that you allow them on home improvements. The banks know to whom money should be lent; they are good auditors for this purpose. The fishing industry deserves capital to extend its operations.

With regard to relief money, I hope our people will still keep their individualism and their independence so that they will rather be poor than come to the public for money. I am told that in my riding only a few loans have been made under the farm loan board. The Farmers' Creditors Relief Act is hardly a benefit. It tends to destroy the credit of ninety-five good farmers in order to give five farmers who are not so good some relief from their obligations.

I hope the government will recognize that in taking the time of the committee at this hour for the benefit of the people I represent I regard it as necessary to the fulfilment of my duty to them.

Mr. DAVID SPENCE (Parkdale): It is not my purpose to criticize the Minister of Labour severely for not eliminating unemployment. I realize that no government can do that hurriedly. But they can at least govern the country in a way that will save considerable money, and spend money where it is most necessary and will create the most employment. I criticized the appointment of the National Employment Commission, and I think my contentions have been proved right. However I shall not press that feature, for no doubt the minister thought he was going in the right direction, although I think it has proven unsatisfactory both to the government and to the people. What we need to-day is a policy of "Do something." If the attempt to do it one way does not succeed, try another. The hon. member for Vancouver East (Mr. MacInnis) has been talking about the same old bill and the same conditions that have prevailed over the last few years. We hear so much about prosperity and increased employment but we have not heard yet from the minister what he proposes to do to eliminate unemployment. We should like to hear something of that.

Just a word in connection with the remarks of the hon. member for Renfrew South (Mr. McCann). I appreciate and agree with most of what he said regarding public buildings. I realize that public buildings are of little consequence so far as relief is concerned; they do not give much employment in construction and do not make much after they are finished. They just create a sore spot during the time of construction for the member in whose riding they are built. There are better ways of spending money than that. Building good roads is one way of eliminating unemployment,

because a large proportion of the money goes to labour, unless too much up to date road-making machinery is introduced. Nothing pays this country better than good roads, because tourists follow the good roads, and we all realize that tourists bring a greater revenue to this country than any other industry. We cannot give too much encouragement in the way of good roads to that great revenue-producing industry.

Another suggestion made by the hon. member for Renfrew South was in connection with schools all over the country. I think money could be spent wisely in making schools habitable and putting them in good condition as to light, heating, ventilation and so on. I suggest that for the minister's consideration. The hon. member for Renfrew South touched one point on which I do not agree with him. He said that in Toronto we thought that when we got the measure through to build a tunnel under the western gap it would create no employment. I differ from him; $750,000 out of the $1,000,000 would have been spent on labour. However this government very unwisely cancelled the contract, and I think it cost them $150,000 to settle with the contractor, who probably had not done $50,000 worth of work, so that it was a waste of at least $100,000. We have a committee in Toronto trying to advise the city council where we should have an airport, or whether we should have two. It is known, I think, beyond a doubt that the airport will be built on the island, at Hanlan's Point. This tunnel would not lead from the city to the lake but from the city under western channel and then to the island, where this airport will be located. I do not think anyone in this house would suggest that the city of Toronto should be isolated as far as that airport is concerned. Some day that construction will be carried out, and some day this government, the city of Toronto or some other body will still have to construct this tunnel, because there will be no other means of providing access to the airport unless a bridge should be constructed, and a bridge would cost just as much as a tunnel. So I think you can make up your minds that you wasted that $150,000 when the previous contract was cancelled, because the tunnel will have to be built some time, and no doubt it will cost more than it would have if the project had been carried out some years ago. We could have had a really cheap job done at that time.

Mr. POULIOT: Why not build an underground terminal?

Mr. SPENCE: All right; anything my hon. friend suggests will be all right with me. I think it was the greatest mistake in the world to cancel the contract for the construction of the tunnel.

Mr. McLEAN (Melfort): Why not build the airport where you can get at it?

Mr. SPENCE: We will be able to get at it if the tunnel is built, and some day hon. members sitting on the other side will be glad to vote for the construction of a tunnel there. You cannot turn Toronto down all the time; you are getting too much revenue from that city. You can no longer vent your spleen because you do not get any Grit members from Toronto; you have two members from that city now, and you should pay some attention to them. If you do not give us something you will not get any Grit members at all from there the next time, because you are antagonizing the people of that city. All the time we are told to go to the provincial government. Let me tell you that this year the city of Toronto prepared a program calling for the expenditure of some $4,000,000. We were told, and we believed, that we would get at least fifty per cent of that amount from the federal and provincial governments. The money was to be spent in the widening of roads in Toronto. As hon. members are aware, the streets of that city are narrow; they were laid out when horses and wagons and buggies were on the streets. To-day the roads have become dangerous, and this money could have been spent usefully in making the streets of Toronto safe for motor traffic. The city was willing to spend at least fifty per cent of the money, and probably a good deal of employment would have resulted, but nothing has been done as yet.

I think the contentions of the hon. member for Broadview are perfectly sound and that this government should give special consideration to large centres such as Toronto and Montreal, to which the unemployed flock by the thousands. We have been feeding them for years at our own expense, and to-day the taxpayer is about broke. As the hon. member for Broadview said, no one wants to own property in Toronto to-day, beyond one's own home; everyone is trying to get out from under the burden of carrying either vacant land or other property.

I do not wish to prolong the debate or hold up the bill, but really it is a bad thing for a government to adopt a laissez faire policy and do nothing. I am not condemning this government for not entirely eliminating unemployment, but something should be done at once and the minister should say definitely what policy he intends to pursue. Let us know

something about it, because everyone is asking what is going to be done by the federal government. And if the minister has any influence with his good friends in the Ontario house I hope he will use it to see that the provincial government is a little kinder to the city of Toronto, because I do not think we are going to get a square deal otherwise. The harbour board has been looking for some $400,000 from this government for the improvement of Toronto harbour. So far no such sum has appeared in the estimates. I hope when the supplementaries come down they will include an amount of $400,000 for that work, or at least as much as the government can possibly give, because if that is not done the citizens of Toronto will have to find the money themselves, and to-day they are pretty well broke.

Mr. J. A. MacKINNON (Edmonton West): Mr. Chairman, I do not think sufficient stress can be laid on the position in which the cities of the country find themselves in connection with the matter of unemployment and relief. No doubt our positions and our views are bound to be coloured considerably by the different parts of the country we represent in this house, but I should like to take this opportunity of saying here what I have already said elsewhere with regard to the peculiar situation of the city of Edmonton, part of which I have the honour to represent.

Possibly because of the lure of the prospective dividends in the province of Alberta, and possibly for other reasons, there has been a very great increase in the population of that city. Formerly it ran second in size to Calgary, but recently it forged ahead of that city, and during the last year or two of the depression period its population increased by several thousand. To become eligible for relief in Edmonton a residence of twelve months is required. People are going on relief in large numbers every day. They come to Edmonton from the rural portions of Alberta and from other provinces; they are maintained by friends and charitable organizations for the necessary period, and then they obtain unemployment relief. The situation is very serious, and sound thinking people of that city have been actually considering a tax strike. To own property, even one's own home, in that city means that one pays a sizable rental by way of taxes, and that situation cannot continue indefinitely. The city of Edmonton cannot expect to receive a reasonable and proper share of the money that is given to the provincial government; I might as well be frank in making that statement. So I should like to impress upon the minister that in providing money for the province of Alberta some effort should be made to designate or earmark a certain portion of that money for relief in the city of Edmonton.

Mr. J. R. MacNICOL (Davenport): In various manufacturing journals I have read that the riding which I represent contains perhaps more manufacturing establishments than any other riding in Canada and consequently has a larger number of what are known as ordinary factory workers than any other riding. I am convinced therefore that unemployment among factory workers there is as great as, if not greater than, similar unemployment in any other riding, and I am very sorry to have to make that statement. I want to do what I can to assist the minister and to help him provide work; this is not a time for us to quibble over what should be done and who should do it. I have been thinking that while no doubt cooperation already exists, if there were greater cooperation between the Department of Labour, the Department of Public Works and the marine department so that works could be planned by all three in harmony, a great deal of worth while employment might be provided that at the same time would add to the national wealth.

For instance, the Department of Public Works has alreadv asked for a vote to cover the dredging of the St. Lawrence river, the harbour of Montreal and so on. That is a yearly expenditure amounting to anywhere from $2,000,000 to $5,000,000. Many eminent engineers say that money is really wasted, that while it may remove temporary obstructions in the channel it does no permanent good. What is the cure? How can it be cured? The Montreal harbour and the St. Lawrence river have to have more water. Constant dredging of the river merely lets the water run so much faster. I am convinced that government engineers are qualified to produce plans to ensure a regular flow of water into the St. Lawrence river which would obviate much of the annual work done there—something in the nature of an annual pork barrel—and the money thus saved could be spent more advantageously elsewhere.

Flowing past this city we have undoubtedly one of the greatest rivers of the world so far as the possibilities of conservation of water are concerned. I have made a personal survey of most of the river, and I believe it has great opportunities for the creation of reservoirs on land which at this time is nonproductive and to a great extent not occupied.

That would permit the storing of water to provide the necessary increase for St. Lawrence navigation. I maintain a great many thousands of men could be put to work on a project of that kind.

I could deal with the matter at length, but time will not permit me to do so. In the long run the work they would do would cost the country nothing because it would be adding to the national wealth. Hon. members will have noticed what is now proposed by the United States government as the result of the Ohio flood. Those floods, according to a conservative estimate, have meant a loss of at least half a billion dollars. The government is voting many hundreds of millions of dollars to compensate those who suffered as the result of the floods, and are initiating works to the extent of over $800,000,000 to give to the people along the Ohio river the defence afforded those along the Tennessee river, as a result of the great works undertaken on the latter river. Can we not do a similar work in Canada? I had hoped that in the bill we could find some useful work indicated, perhaps something in connection with flood control, a field with which the Minister of Transport (Mr. Howe), an expert engineer, would be thoroughly familiar. He would be competent to discuss matters of that kind. The Minister of Public Works (Mr. Cardin) would be in a similar position. Throughout the country flood control projects are necessary. On a former occasion I mentioned the rivers in question and gave an estimate of the cost, using the figures of United States army engineers in connection with their work on flood control in the state of Wisconsin. I also indicated to the house the numbers of thousands of men who could be employed on works on five rivers in Ontario.

May I point out to the minister that that is a field which the Canadian public would endorse, because eventually it would cost the country nothing and in the interim would give a vast amount of employment to Canadian workmen. I must confess that when I go home and meet many young men, representative of thousands of others, who are asking for something to do, I find it most depressing. No doubt the minister and other hon. members have been in the same position. I sympathize with the minister in the problem he is facing. A young man who about the beginning of the depression in 1930 was thirteen years of age, one of thousands such, is now twenty years of age. From the age of sixteen his search for work has not been satisfied; for four years he has not done a tap of work.

[Mr. MacNicol.]

Then there is the other side of the question to consider: while out of work, what is he doing? He is not learning anything. He is not studying any useful vocation; he is not being trained technically. I am convinced that the country would support a vote which had for its purpose the training of young men to fill useful positions. It is being done in England, where training schools have been set up to train such young men as I have in mind.

A day or two ago I said that to my knowledge scores of expert machinists and tool makers, the need for whom is great to-day, are returning to England. Those men could be used advantageously in the training of the younger men here. The returns show that about 10,023, mostly workmen, returned to England last year, and many of those workmen were experts in their line. On the other hand the young man is not learning anything because no opportunity is afforded him. The result will be that when these expert workmen are needed, those who should be available to design and make the necessary equipment will not be at hand, with the result that the country will not be in a position to compete. I believe these observations indicate another field in which the government might spend money.

The young man who in 1930 was eighteen years of age is now twenty-five, and the probability is that he has not done a tap of work. On the other hand, many who found they could not obtain relief as single men were married so as to get it. As married men they are now on relief and, when there are families, the situation is made even worse. That is a tragedy; it is a situation for which I should like to have seen the bill offer a remedy. The federal government could put these young men to work, but the provincial governments cannot.

On the other hand there is the tragedy of the man who was forty or fifty years of age when the depression came. Meantime many have lost their homes, and now find that they cannot get employment. Why is that so? Thoroughly organized industry has planned insurance schemes. If there were a government scheme of unemployment insurance, perhaps the conditions I am about to describe would not be as serious as they are. Owing to the insurance rates applicable to such industrial schemes, industry with insurance schemes cannot take a man on after he has reached the age of thirty-five. Just imagine a man of only thirty-five years being barred

from obtaining employment! That is a side of the question which I am afraid is not being fully considered.

I shall conclude my observations in a minute or two, because I have no desire to hold up the bill.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. MacNICOL: When the committee rose I was pointing out one of the reasons why industry could not employ men over thirty-five years of age. Many of the larger industries have organized insurance schemes, to which they and the men contribute. The rates paid are based upon an age limit of thirty-five and in many cases they do not want to disrupt the scheme by taking on men over forty years of age.

From his past speeches I believe the minister is well acquainted with the activities of previous governments in connection with unemployment matters. Lord John Russell was the proponent of a scheme in England to alleviate unemployment during the late forties or the early fifties. I am not just sure that he was prime minister of England at the time, but he introduced these measures. This is referred to in Blackwood's Magazine of August, 1868. Apparently at that time the old country was facing the same conditions with which we are faced to-day. I feel that unemployment in a large way is beyond any one government's control and it certainly does not warrant too drastic criticism by other parties. I read the following on page 378:

> All this while the condition of Ireland was becoming day by day more alarming. The repeal of the corn laws had done nothing for the cottier class, destitute of money as they were wherewith to purchase; while, by lowering the price of home-grown oats, it inflicted severe damage upon the farmers. Distress bordering upon destitution became the universal condition of things in many quarters.

Schemes were introduced in the British parliament to try to tackle this matter of unemployment in a large way. I hope to be able to persuade the minister to do the same thing. He should grapple with this matter in a big way and formulate schemes to provide employment. Here is what they did:

> A labour act was likewise passed, which the Whigs, when they came into power, greatly extended, and under this the baronies were enabled to obtain aid from the public treasury, and to employ, chiefly in road-making, men who could find employment nowhere else. Of the gross abuse to which these arrangements led,—

Personally I am not interested in abuses.

> —it is not our intention on the present occasion to speak at large. Enough is done when we state generally that the numbers employed on road-making increased from 30,000 to half a million;—

I believe the first number was the number Sir Robert Peel had put to work at road-making. I continue:

> —that the monthly expenditure by the government rose from £40,000 to £800,000;

Those schemes provided employment in a large way. If England could do that in the late forties or the early fifties, we should be able to take similar action. Many of our roads take the longest distance between two points. If I want to drive from Toronto to Pembroke I have to go to Brockville or Kingston, then across to Smiths Falls and Carleton Place. This is perhaps only one of scores of similar roads to be found throughout the country. Road-making on a large scale would provide a considerable amount of employment. Another scheme which was put into force in England at that time is recorded as follows:

> In the course of the recess he called to his councils men most experienced in such undertakings, and, aided by his colleagues, arranged, with their assistance, a measure for intersecting Ireland with railways, the expense of constructing which should be shared between private companies and the government. It was calculated that an advance of £16,000,000 from the exchequer would bring out £8,000,000 from private capitalists;

We do not want to build any more railroads in this country, but we do need highways.

I should like to sum up in a word or two my recommendations to the minister. I know he will consider them as being offered in the best possible spirit. In the first place, I would include as members of the employment bureaux proposed by the minister some former industrialists. At the present time these bureaux are manned only by former leaders of labour unions, for which I have the highest regard. At times in Toronto I am pressed by men to find them jobs and I have been able to do this occasionally by getting in touch with former employer acquaintances. The advice of these men would be worth while. They are ready to assist the country in its distress and I am sure good results would accrue by their being included in this organization.

I am convinced that we should increase the facilities for technical training. While I realize that all the young men who are without employment to-day would not want technical training, the fact is that many would take

advantage of these facilities if they were available. I am mostly acquainted with the iron and steel industry and I know that there are many sons of machinists, blacksmiths, tool makers and other tradesmen who would like the opportunity of this training. If these young men had the right training they would be better able to find employment when we get around this corner and the old world is once more on her feet. The trouble is that when a young man of twenty-seven years of age applies for a position in a factory the employers must take note of whatever insurance scheme they may have in effect. If he happens to be totaly untrained they will be chary about taking him on. If he is able to show that he has been trained in a government technical school they will be more inclined to give him a position.

Then I should like the minister to consider the question of water conservation on the Ottawa river. This scheme would provide additional water for Montreal harbour, which is needed badly, as well as a needed increase in the level of the St. Lawrence river east of Montreal. It would give an immense volume of work at not too large a cost. Large areas along the upper Ottawa river lend themselves readily to water conservation: the necessary dams, of course, could be constructed, and, as in the case of the Tennessee river project, would give a very great amount of hand work in the mixing of cement and the making of earth fills round about. That is scheme number three. Then I suggest flood control measures. I do not wish to repeat what I said on a previous occasion, but all over Canada there are great openings for projects of this kind.

Lastly, there is the making of important roads, the shortest distance between two points, to encourage more rapid transit. I hope that at least some of these suggestions will be regarded by the minister as of a constructive nature. My only purpose is to be constructive. I have no higher opinion of the employment commission than I had before. I should like to see the minister take the problem in his own hands, and with the assistance of his engineers, who are thoroughly qualified, and other departmental officials who must have a wide knowledge of labour conditions, evolve schemes that would provide employment for the largest possible number. Such action, I am sure, would go a long way to relieve the difficulties we are experiencing to-day.

Mr. H. G. CLARKE (Rosedale): I wish to say a few words with reference to unemployment in Toronto. The district I represent has, I believe, as large a number of unemployed as any area of the same size in Canada, and therefore I urge upon the Minister of Transport (Mr. Howe) consideration of the construction of an airport in Toronto. Toronto is the centre of one of the most thickly populated sections in the dominion; it has an observatory which furnishes weather reports; there is a good natural location for an airport, and it is the centre to which most of the mining operators of northern Ontario come for their requirements. In this connection I may quote from an article by Captain Boyd, an eminent flyer, and a contributor to the Toronto Weekly Star, in that newspaper of Saturday last. He says in part:

> This time, nobody is fooling about Toronto's new airport; it's coming this year; it's going to cost about $1,500,000, and it is going to be finished before the end of 1937—I wonder how long the gullible public will listen to these fairy tales.

Certainly it is becoming absolutely necessary that a real airport be established in Toronto. The government is now expending large sums of money in Trenton on a project of this kind, and it seems to me, considering how much Toronto contributes to the federal treasury, we are entitled to favourable consideration of the construction of one of the finest airports in the country. Later in the article Captain Boyd says:

> Airports cannot be built in a day. As a pilot who has flown 800,000 miles, I feel competent to state that one of the finest airports in the world can be built here with far less expenditure than it would cost other cities of the same size. And it could be within ten minutes of the business section of the city.

He also states:

> We read about building an airport on the waterfront and an emergency field up north of the city. Why not let us do one thing at a time? All this talk about not being able to land on the bayfront in fog is the bunk.
>
> According to the rate we are going, by the time the airport is ready, landing fast commercial aeroplanes in a fog will be an everyday occurrence.

I suggest that this deserves action by the Minister of Transport in cooperation with the Minister of Labour (Mr. Rogers). Also there is a real need at the foot of Parliament street for the construction of a commercial dock. The work could be done at no very heavy expense, and it is a necessary improvement to the harbour of Toronto. I should have thought that these matters would deserve favourable consideration, but, looking through the estimates as well as the supplementary estimates I cannot find that any amount has been set apart for expenditure of any kind in the city of Toronto.

Mr. McIVOR: I would submit two suggestions to the Department of Labour. In our youth we were taught to set our own house in order, and I would say that in the best interests of this house, including those who sit in the galleries, this chamber should be properly wired so that every man can hear what is going on without having to move from his seat. That would give some employment to the unemployed electricians of Ottawa. Another suggestion I would make, looking forward to the opening up of the great centre of Canada, is that the St. Lawrence waterway be started as soon as possible. I think it would be in the national interest to begin work immediately, and I may add that I have great hopes of action by the Minister of Labour (Mr. Rogers), because I found last year that, as far as our constituency was concerned, he did more than he said he would do.

Mr. LAWSON: This morning, in reply to the hon. member for Winnipeg North (Mr. Heaps), the Minister of Labour suggested that discussion in detail of expenditures should remain over as there were several items included in the special supplementary estimates whereby the total expenditures to be authorized by this bill were broken down. May I ask the minister, preparatory to something else I have to say, if he referred to items 301 to 311 inclusive of the special supplementary estimates?

Mr. ROGERS: Those were the ones that I had in mind. In other words, each of these items refers to an expenditure contemplated to deal with some particular means of attacking the unemployment problem, and my suggestion was that it would contribute to a more concentrated discussion or criticism if, before each of these items were called, I should make a brief statement of what had been done under a similar item, if one existed, during the past year and also explain our reasons for inserting any new item under those supplementary estimates.

Mr. LAWSON: Then, with a view to getting information in order that I may relate it to these items, I would ask the minister to inform the committee now with respect to a subject matter over which there seems to be a good deal of controversy. When one makes a statement as to the number of unemployed now as compared with some given date in the past, there always seems to be some contention about it—that it is not accurate, or that it is accurate. What are the total numbers of unemployed in Canada as of the last date for which there is a return, and what is the date of that return? Do those figures reflect the actual number of unemployed, or the number of unemployed after adjustment for seasonal unemployment? I should like to have the corresponding figures for the same date of 1936 and 1935 so that we may have something for comparison to see where we are going.

Mr. ROGERS: I am not sure whether the hon. member was present when the resolution was before us, but on that occasion I tried to do the very thing he is now asking.

Mr. LAWSON: Are the figures on Hansard?

Mr. ROGERS: Yes. We have not what might be described as actual figures of unemployment in Canada, but we have an estimate which is issued from time to time by the bureau of statistics and which does not purport to be more than an estimate.

Mr. LAWSON: But it is an estimate based on the returns of some nine thousand firms.

Mr. ROGERS: Yes, and on a number of other factors. That information is set out in Hansard.

Mr. LAWSON: As of what date do the figures in Hansard reflect the situation?

Mr. ROGERS: They are for January or February, or both, of 1937 as compared with 1936, and I believe I gave some figures for previous years. I did take special pains to point out that if we were to obtain an accurate understanding of the situation in a country of seasonal occupations the only way to proceed was to take precisely the same months over a period of years.

Mr. COLDWELL: Are the men under the farm placement and forestry projects included in these figures or will that information be brought down later?

Mr. ROGERS: They were not included in the direct relief figures nor were the number of those in relief camps included in the figures given last year. The figures I give as representing an improvement in the situation are correct as far as direct relief recipients are concerned, inasmuch as comparability is established.

Mr. COLDWELL: How about New Brunswick?

Mr. ROGERS: The figures sent to us by New Brunswick are included in the totals I gave for February of this year.

Mr. MacNEIL: What is the total number of those now under the farm placement scheme?

Mr. ROGERS: The number of placements made according to the most recent report is around 46,000 or 47,000. That does not mean necessarily that all of that 47,000 can now be said to be located on farms. Our information is that possibly there has been a turnover of 20 per cent, so that it would be at least reasonable to conclude that on the basis of the information given to us by the provinces about 80 per cent of the total of 47,961 would now be located on farms.

Mr. MacNEIL: How many are engaged in the forestry projects in British Columbia?

Mr. ROGERS: Under forestry projects in British Columbia there are 4,147. That figure is not confined wholly to forestry projects; there is also a supplementary plan of public works that can be continued during the winter months. All these projects are designed to meet the situation created by the concentration of transients and single unemployed in the larger cities. I am sorry that the hon. member for Winnipeg North Centre (Mr. Woodsworth) is not here because I had intended making some observations upon certain statements he made this morning. I shall reserve them for another occasion. This figure for British Columbia is in addition to the number of farm placements.

Mr. MacNEIL: Will the minister give the number of those engaged in similar projects in all the provinces—that is in addition to farm placements?

Mr. ROGERS: Under the supplementary plans designed to provide employment for single unemployed the latest figures are: Manitoba, 1,128; Alberta, 1,509; British Columbia, 4,147.

Mr. MacNEIL: Not included in the general figures?

Mr. ROGERS: Not included in farm placements.

Mr. LAWSON: Does the farm placement figure of 46,000 reflect the total number of placements since the scheme has been in operation, or only for a particular period? I understand that this act has been in effect for three years.

Mr. ROGERS: No. This particular arrangement has been in operation since October of last year. It has succeeded and is based upon an earlier scheme known as the farm placement scheme.

Mr. LAWSON: Does the figure of 46,000 include those placed under the similar scheme?

Mr. ROGERS: No, only those placed during the past few months beginning in October.

[Mr. MacNeil.]

Mr. DOUGLAS: How many are actually placed on farms now?

Mr. ROGERS: The provinces inform us that there were 46,575 actually on farms at the end of February.

Mr. MacINNIS: Did the minister say that these were not included in the figures given as representing direct relief?

Mr. ROGERS: They were not included this year or in other years, so that the figures I gave as indicating an improvement in respect of the number of those receiving direct relief were accurate in that the comparability was established.

Mr. MacINNIS: I have here the figures put on Hansard by the minister last year. He gave them on March 30. We have the number of homeless persons cared for in federally operated camps and by the western provinces, then the number cared for by farm placement. The numbers are given for each year.

Mr. ROGERS: That was in a statement I made in the house dealing with all aspects of the unemployment problem.

Mr. MacINNIS: That statement gives the total number for 1935 as 1,310,423. Do the figures given this year include the categories I have just read?

Mr. ROGERS: In the figures I gave when the resolution was before the house, which indicated a very definite improvement in the number of direct relief recipients in February of this year as compared with February of last year, the categories which the hon. member has just referred to were not included. There is a clear comparability between the two totals I gave as indicating an improvement in the situation.

Mr. MacINNIS: The two sets of figures would not be the same.

Right Hon. R. B. BENNETT (Leader of the Opposition): There has been a difficulty for the very reason mentioned by the hon. member who has just taken his seat. Surely we are entitled to know what factors are considered in reaching the totals stated to this house. The other evening the minister said that some are not included, and I am going to make a statement which will clear that up. What I want to know, and think we have a right to know, is, how many unemployed there are according to the records of the department. I would like to know the factors that constitute that category. Certainly the figures we have been getting lately are not the figures we used to get; I can say that frankly. There are some not included in the total

that used to be included; and it is the same with respect to relief. Surely the minister can say, we have a record of the unemployed in this country.

Mr. ROGERS: Only an estimate.

Mr. BENNETT: Well, an estimate made by the bureau of statistics. I will tell the committee the reasons why we did not have any record prior to 1931. We might as well clear that up now. In 1930 we estimated the unemployed at 117,000. The number was much larger but it was estimated at 117,000 for one reason only, that being the number that reporting trades unions and firms sent to the bureau of statistics as compared with the numbers that had been employed.

Mr. MACKENZIE (Vancouver): In 1930.

Mr. BENNETT: Yes, showing 117,000, before the government of that time went out of office, as perhaps the Minister of National Defence (Mr. Mackenzie) will recollect. Then came the census of 1931 and from that census we were able to secure a reasonably fair indication of the number of people actually unemployed, because a column was added to the schedules to provide for that. I think all those above a given age were recorded, the exact age being, I believe, eighteen.

Mr. ROGERS: Probably sixteen.

Mr. BENNETT: I think it was not sixteen, but the minister can obtain that information.

Mr. ROGERS: I will find that out.

Mr. BENNETT: Based on that census the bureau of statistics worked out a formula which they have applied ever since to obtain the estimated number of unemployed. They have the births and deaths and ages and matters of that kind, on which they work out a computation, which is the computation we had in 1932, 1933, 1934, 1935, 1936 and I assume 1937. The other day the minister said the number of unemployed as estimated by the bureau of statistics was 500,000. It is true that is only an estimate, but it is an estimate worked out—or should be; I assume it is, but I should like to know whether it is or not—by the bureau on the same factors and applying the same rules as they did in the years between 1932 and 1936.

Mr. ROGERS: Surely the leader of the opposition is not suggesting that the bureau of statistics either by its own volition or by instruction would change the factors on which that figure is based.

Mr. BENNETT: I said I should like to know, and factors have been changed so frequently in this country in determining this question that I have a right to make that statement.

Mr. ROGERS: Let me assure my right hon. friend that there have been no instructions of that kind.

Mr. BENNETT: I did not suggest that there were instructions, but I did suggest that factors entering into indices and matters of that kind have been changed. And the change has been stated. I want to know whether the same factors are applied in arriving at the figures for 1937 as in preceding years. The minister says the factors are the same. That means that 500,000 is the estimate of the number of unemployed in February, 1937.

Mr. ROGERS: As against 556,000 in the previous year.

Mr. BENNETT: Quite so; that is the position. We have no estimate later than that. Now we come to the question of relief, how many are on relief? We asked the other day whether in making up that number the minister had included those who had formerly been in camps and were treated as being on relief, but who are now dispersed and in some instances in camps in the provinces and in other instances have been placed on farms and cared for in other ways. We wanted to know what was the corresponding total relief number and how that total was arrived at. The minister said the information had been placed upon Hansard. I confess that I heard him make the statement that he would give the details, but I did not know he had placed it on Hansard, because it was not on Hansard the other day.

Mr. ROGERS: I think in answer to the hon. member for York South (Mr. Lawson) I said I had put upon Hansard the unemployment estimates for the same months of two successive years, and also the relief figures.

Mr. BENNETT: That very question was raised the other day. When we asked how that number was arrived at and whether or not it included certain categories the minister's answer was: "I am not in a position to answer that at the moment."

Mr. ROGERS: I answered that question a moment ago.

Mr. BENNETT: I was trying to follow what the factors are that enter into the relief totals. Perhaps the minister will state that, and whether or not the farm placements are included, and whether all the others who have

been cared for, who used to be in the camps, are also included. That information is what we desire to secure if possible, because the minister said twice the other day that he was not in a position to give it. Therefore I was waiting for the information which a moment ago he said he gave. Frankly I was not able to catch what he said, but I want to make sure that the information we were to secure is made available.

Mr. ROGERS: In the first place I am advised that the figures of direct relief recipients as given this year are on precisely the same basis as those given from time to time in the annual reports of the Department of Labour.

Mr. BENNETT: They could not be, because in other years unemployed men were in the camps, and now the camps have been abolished.

Mr. ROGERS: They are compiled in precisely the same way. The point is the number of direct relief recipients in other years did not include those who were in the camps.

Mr. BENNETT: But it did.

Mr. ROGERS: They were a separate classification.

Mr. BENNETT: But they were included in the total.

Mr. ROGERS: They were included in the section called "other than direct relief." I was speaking of direct relief recipients.

Mr. BENNETT: But when we were asked how many people were receiving relief for some part of a day, a short or a long time, the figures given included those in the camps, because they were treated as being on relief; they were called relief camps. When we stated the number of people to whom the Dominion of Canada was affording relief, in making up that number we included those in the camps. Now the camps are abolished, therefore those who were being cared for in camps no longer enter into the aggregate of those receiving relief from the Dominion of Canada.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): This question is not merely a matter of tweedledum and tweedledee; it is more serious than that. It is not only a matter of figures; it is mostly a matter of facts. The figures we know; the Minister of Labour (Mr. Rogers) and the provincial governments can tell what amount has been spent for unemployment relief in each province. This is known, so let us drop it. The main question, the most important question, is to secure facts about the unemployed. I remember distinctly when we were on the other side of the house and when the right hon. gentleman was prime minister and when he had as minister of labour the dumb Mr. Gordon, it was impossible to get any information about unemployment. Moreover I say that the order given by the government of the day was to refuse to members of parliament any information about unemployment and only to give information about employment, in order to deceive the public and the country. Not only that, sir, but false utterances were put in the mouth of the governor general in each speech from the throne and each prorogation speech, stating that conditions were always better and better when they were worse and worse all the time. And as one who has been deeply interested in the unemployed, because I consider them all as my brothers, in spite of the fact that they are not millionaires and do not belong to the Rideau Club, I say that they deserve some consideration from this government and the provincial governments. I took the trouble to classify them. I did not go to the bureau of statistics for information because they had only partial and very incomplete information resulting from the census. The only way to secure proper information with regard to the unemployed is through the municipalities themselves, and this was done by a member whose name I shall not mention because I do not like to say "I" too often. But what the right hon. member for West Calgary said he would do he did not do, and what I do not boast of having done I have done. This is the difference between us. The right hon. gentleman was always talking of ending unemployment when his silly policies were the cause of unemployment throughout the country. This is the fact; everybody knows it, and I am sorry that the only one to ignore it is the right hon. gentleman himself.

Not only that, sir, but at the time I blamed the director of relief, Mr. Hereford; I said we could not get any information from that department. Later I acknowledged my mistake. It was not his fault; he is a very able man, as I have since said in the house. Mr. Houston, of the same department, is also a very able man, and the best forms for the securing of information with regard to relief were drafted under the supervision of the present Minister of Labour with the assistance of Mr. Hereford and Mr. Houston. Why did they do nothing previously? Because under the former government the order was to give no information at all to members of the house or to the country as to

the degree of unemployment throughout this country, and for that reason these able men were misjudged. Now they are getting along fairly well.

I am not strongly in favour of the employment commission; I do not believe in it, but I believe the staff of the Labour department under the very able minister could accomplish marvellous results first by devising a way to obtain proper information with regard to the unemployed and then by advising the minister correctly in the formation of a sane, practical policy with regard to unemployment. We are sincere in that. Why is it that the one most responsible for unemployment in this country is the one who says, "You do not give proper figures"? Has he no memory? Is he suffering from amnesia? Does he remember when I was in the corner of the chamber asking him for information? He could not answer me at all, and his minister was just as dumb as a stone. Once he said, "We are doing our best to get the information," and later I supplied him, as I supplied all my colleagues, with a full report on the classification of the unemployed on relief in half of the largest cities of Canada from coast to coast. That was done once; it could be done again, and it is the only way a proper policy for the relief of unemployment can be drafted.

We have been discussing only the unemployed on relief, but that is just one part of the problem. There are those who are employed part time but who are not paid sufficient to enable them to live properly, to feed themselves adequately, to clothe themselves and their families and to provide proper shelter, even with all the advantages of the home improvement plan. Something must be done in regard to those who are employed only part time. In addition, how many fathers and mothers are anxious about the future of their children, not knowing what will happen to them? The parents can do no more for their children, but those people are not considered at all. It is impossible to get complete information with regard to those employed part time, and it is impossible to get any information concerning those who are unemployed but who are not on relief. It is time we considered these classes, and the only way we can get that information is from the municipalities, through the provinces. In turn, the only way this government can force the provinces to obtain that information from the municipalities and pass it on to the federal Department of Labour is to say, "If you do not give us the information for which we ask we will not contribute a cent towards the cost of relief in your province." Then the information will come forward right away. I suggest to the minister, who is an able man, that he have an iron hand in a velvet glove, and not be afraid to use very strong language to Mr. Aberhart, Mr. Duplessis and any other premier, as well as the treasurers of the provinces; who will say to them that if they do not give the federal government the proper information there will be no federal contribution towards the cost of relief, could obtain quite readily the necessary information. May I add that the minister will not have to use such strong language with the province of Ontario because they have already made the classification of all unemployed who are on relief in the province, according to their trades and occupations.

In addition to that we should have a proper classification of the unemployed. I do not mean only a registration in order to ascertain the actual amount disbursed for relief, but a classification which will show exactly who are Jim the unemployed and Tom the unemployed, where they are from and what they can do. We would save a good deal of money through the fact that duplication in relief would disappear; the same man would not receive two cheques, and relief payments would be made only to those who are in need of them. This is quite clear. Moreover, by that means the government would save more than enough to cover the cost of having such a classification made. Are we to continue in the footsteps of the right hon. member for Calgary West without showing more ability than he showed, when he was Prime Minister, in relieving unemployment? Something courageous must be done, without fear or favour. It is not a matter of discussing this comma, that semicolon or that period and saying, "Well, the balance sheet of the unemployed is not in the condition I should like to see it, with my great knowledge of finance and business." It is not that at all. You must know Jim, the unemployed; you must know Tom, the unemployed; you must know their children. You must know the children of Joe, who has a job but whose sons are more than twenty years of age and without work. This was done in the United States, with great success. The idea was to not only look at the figures showing millions of people in distress but to take them one by one and see what could be done to relieve them. This work takes a long time, but the dominion government is not alone; it must rely on the help of the provinces, if the provinces are sincere in their desire to assist the unemployed. The municipalities should cooperate also.

It takes a very long time to hammer an idea into the head of a stubborn fellow, according to my own experience. Very often my

speeches would have been cut short but for that fact. My experience in this house is that an idea must be repeated, expressed in different ways, brought forward time and time again in order to direct the attention of hon. members to important matters. Then, after the idea has been repeated many times, hon. gentlemen start to think about it. And, sir, there is no greater triumph than the triumph of an idea. When a humble man finds that one of his ideas is successful and can be adopted with advantage to the country, he can say that he is satisfied that he has done something. I have won some cases at the bar, but when the Minister of Labour told me that the government would adopt a policy of classification of the unemployed I was satisfied with myself, because it was a policy entirely different from the one followed by the right hon. member for Calgary West and his dumb Minister of Labour, Mr. Gordon. We must have progressive ideas. Those who have been responsible for hard times must realize their responsibility in the matter, and instead of making petty criticisms should offer constructive suggestions.

The idea of the bureau of statistics being a well of information may be all right, but the hon. member for Calgary West did not use that information when he made his famous speech on social insurance. I told him that, and I repeat it, in order to hammer it into his head. It is strenuous work, but I am sure I will succeed, because I will show great stubbornness in the matter. The bureau of statistics is all right for certain matters; it supplies information about money, trade, and matters like that, but when it comes to unemployment we must have information from the unemployed themselves, through the municipalities and the provinces, in order that we may know what will be done with them afterwards, and in order that they may be taken from the lists of unemployed and placed in the lists of employed. That cannot be done only by the dominion government; it cannot be done only by a provincial government, nor can it be done by only a municipal government. But it can be done by all working together, with confidence restored by a sane and progressive policy. The people of Canada will realize sooner or later that collectively they can do more than can any government or a combination of all of them.

The CHAIRMAN: Shall the section carry?

Mr. SPENCE: Mr. Chairman, I wish to say a word or two. I object strenuously to the hon. member for Témiscouata—

[Mr. Pouliot.]

The CHAIRMAN: The minister has the floor.

Mr. ROGERS: I am quite willing to give place to the hon. member, but I am obliged to leave the house early this afternoon and I wished to make a brief statement before going.

Mr. SPENCE: Does the minister object to my making a statement now?

Mr. ROGERS: Certainly not.

Mr. SPENCE: One would think the hon. member for Témiscouata would control himself a little bit, and not harass the house with such statements as he has been making. He has been selected as one of the delegates to attend the coronation, and a man of that calibre should be more courteous than he has been.

Mr. POULIOT: I am uncrowning your leader, that is all.

Mr. SPENCE: We appreciate his entertainment at times, but sometimes it goes too far. We cannot let it go on all the time. The hon. member used a word he had no right to use—if it is parliamentary, I am not aware of it.

Mr. BENNETT: Of course it is not.

Mr. SPENCE: The hon. member referred to the ex-Minister of Labour as the dumb Mr. Gordon, and repeated it two or three times.

Mr. POULIOT: He did not answer my questions at that time, and therefore he was dumb.

Mr. SPENCE: I want to say that Mr. Gordon was not dumb when he sat in the house. He was one of the brightest lights in the house, and probably had more friends than the hon. member for Témiscouata. If the hon. member's language was not unparliamentary, at least it was ungentlemanly and should not have been used.

Mr. POULIOT: I rise to a question of privilege. The hon. member for Parkdale has no right to say that I used ungentlemanly language, and therefore I ask him to withdraw.

Mr. SPENCE: You are doing it all the time.

Mr. ROGERS: In order to relieve any uncertainty regarding the figures, I believe I should place on Hansard those for the month of February in the years 1936 and 1937, under the headings which I am informed have been followed from 1932 to the present time, without alteration whatsoever. I am quite sure the leader of the opposition will recognize

that certainly I would not be a party to any change in the manner of presenting the figures, in order to produce a result which did not actually exist.

Mr. BENNETT: I would not even suggest it.

Mr. ROGERS: I am quite sure of that. Then, we will follow through the various headings for the month of February, 1936. The first broad classification is that of direct relief. Direct relief figures have always been kept separate from figures connected with "other relief projects." I deal first with direct relief. Under that heading, in the division which is exclusive of the drought area, I find the following figures for February, 1936.

Heads of families	253,376
Dependents	904,764
Individual cases	53,989
Total	1,212,129

I now come to the division headed "dried out areas," and for the same month I find the following:

Heads of families	28,908
Dependents	122,018
Individual cases	3,234
	154,160

The figures give a grand total under the heading of "direct relief" of 1,366,289. I now come to the division described as "other relief projects."

Mr. BENNETT: Does that include the dried out areas?

Mr. ROGERS: The total includes the dried out areas. These are the further headings and figures for February, 1936:

Single homeless	39,470
Provincial works	1,897
Trans-Canada	3,871
Municipal works	1,895
Farm placement	13,287
Federal works	799
Relief settlement	18,586
Total	79,805

The figure 79,805 for other relief projects added to the direct relief total of 1,366,289 gives the grand total of 1,446,094.

I now come to comparable figures under the same headings for February, 1937, as reported by the provinces. In that month, under the division "not including dried out areas," we find these figures:

Heads of families	209,978
Dependents	755,494
Individual cases	56,143
Total	1,021,615

That is the figure, exclusive of the dried out areas. Then, for the dried out areas we have the following:

Heads of families	31,992
Dependents	125,603
Individual cases	4,880
Total	162,475

This gives a grand total under direct relief of 1,184,090 this year, as compared with 1,366,289 in February of last year. I am sure those are the figures I placed on Hansard the other day.

Mr. BENNETT: The minister said the other day, "I have not that information before me, but I am prepared to answer the question when the bill is before the house."

Mr. ROGERS: I am speaking of the totals. Then, under the heading "other relief projects," in February, 1937, we find these figures:

Single homeless	5,689
Provincial works	10,128
Trans-Canada	265
Municipal works	418
Farm placements	46,575
Federal works (at date of reporting)	nil
Movement and assistance of settlers	426
Relief settlement	18,334
Total	81,835

The figure 81,835 for "other relief projects" added to that of 1,184,090 for "direct relief" gives a grand total for February, 1937, of 1,265,925, as compared with 1,446,094 in February, 1936. That again bears out the percentage of decreases I indicated to the house the other day, and which I had previously given in a public statement. That is to say, if we consider only the direct relief recipients, excluding the drought areas, there is an improvement of about sixteen per cent over last year, including the drought areas there is a decrease of over thirteen per cent. Taking all the figures, which would include farm placements and other projects, there is an improvement of about twelve per cent compared with February last year.

If I may ask the indulgence of the committee, I am obliged to leave the chamber early and would therefore move that the committee rise, report progress and ask leave to sit again.

Progress reported.

ROYAL CANADIAN MOUNTED POLICE

PROVISION FOR RESERVE CONSTABLES AND NON-COMMISSIONED OFFICERS

Hon. ERNEST LAPOINTE (Minister of Justice) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to amend the Royal Canadian Mounted Police Act to provide for the appointment, calling up for training and duty, and payment of a certain number of men as reserve constables, to be known as the "Royal Canadian Mounted Police Reserve," and for the appointment from among such constables of reserve non-commissioned officers; to provide also that time served in the permanent forces of Canada may be included in the term of service of an officer or a constable for pension purposes; and to provide further that any person who ceases to be a constable shall have the right to continue the payment of instalments for pension purposes or the right of withdrawal of all such contributions.

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

Mr. LAPOINTE (Quebec East): Mr. Chairman, the bill which will be introduced after this resolution has been agreed to by the committee will relate mainly to a force to be known as the Royal Canadian Mounted Police reserve. There is already a provision in the Royal Canadian Mounted Police Act providing for the creation of a Royal Canadian Mounted Police reserve. Under the provisions of that act this reserve was composed of former members of the force, and because of the age of the men who would be qualified as members, it has never been acted upon. The object of the proposed amendment is to replace section 28 of the old act with a new section to authorize the creation of a reserve of men between the ages of eighteen and forty years. This reserve will be trained each year for a period not exceeding three months. The intention is to have the training period extend for two months in the first year, and for only one month in the following year. It is suggested that a reserve of 300 men be created, at a cost of $80,000.

Mr. BENNETT: Per annum.

Mr. LAPOINTE (Quebec East): For the first year, and possibly a little less for the other years. If these 300 men were placed on the permanent force the cost would be over $500,000 per year. It will be recalled that when there was a need for more men in the force two or three years ago because of conditions then existing, it was found necessary to add 200 men to the strength. These men were kept on and have been absorbed into the force. The policy has been to retire those who could be retired in order to create positions for those who were engaged at a time of emergency. With this reserve we would have a number of well qualified men upon whom we could call in cases of emergency and not make it necessary to add to the permanent force. This reserve would offer trained recruits for the permanent force when vacancies occur.

I believe this reserve force is necessary and in the long run I think it will prove economical. I might mention that last year, because of the reduction in our estimates, it was found necessary to decrease the strength of the permanent force by fifty men.

Mr. BENNETT: No governor general's warrants?

Mr. LAPOINTE (Quebec East): Apparently those do not circulate when it comes to the Royal Canadian Mounted Police. The result is that there are no reserve officers and the permanent force has been overworked because of this decrease.

The other features of the bill are purely matters of routine and perhaps it would be better to wait until the bill is before the house before explanations are given.

Mr. HEAPS: Mr. Chairman, I do not think the minister has given sufficient reasons for increasing the strength of this force. He has told us that because of a reduction in the estimates the force was decreased by fifty men last year. If the strength of the permanent force is not sufficient, the logical thing to do would be to increase the estimates in order that the permanent force may be maintained at its full strength. Apparently the minister does not want to do that. He is now asking for an additional 300 men to form a reserve force. The only reason the minister has given for creating this reserve force is that some emergency may arise. He has not been good enough to inform the committee what that emergency may be. I know the minister knows what I have in mind, and I know what he has in mind, but he has not been frank enough to state it. When he referred to an emergency which occurred a few years ago, we all know he referred to the Regina situation. There were not sufficient police to take care of that situation. Whether it was handled as it should have been handled is quite another matter, but there was considerable criticism from the opposition benches, upon which the present minister was sitting, of the way in which the situation was handled.

Another reason why I object strongly to this resolution is the fact that only a few weeks ago the home defence force of this country was increased considerably. If the home defence force was increased, what logical reason is there for increasing the mounted police force?

Mr. MACKENZIE (Vancouver): That is not correct. It was not increased.

Mr. HEAPS: I think it is quite correct, Mr. Chairman.

Mr. MACKENZIE (Vancouver): No.

Mr. HEAPS: Then I do not know what the increase of several million dollars in the estimates of the defence force was for if it was not to add to the home defence force of Canada. My recollection is that when the estimates were before this chamber it was stated that they were for home defence purposes, and I believe that, should any emergency arise in this country, when the increased estimates have been utilized for the purpose for which they were passed, there will be a greatly increased force to be called upon for that purpose. The defence force already in existence is capable of taking care of any condition which may arise, and why we are asked to provide for three hundred men as a reserve force of the mounted police is beyond my comprehension. If it is to be employed against subversive elements, I would repeat what the Minister of Justice said in the house yesterday, that there are other ways of dealing with unrest than by a show of force on the part of the government. Let them get at the root cause of that unrest. If it arises from unemployment, then let the causes of unemployment be examined, and when remedies are found and applied much of the existing unrest will disappear. We are sometimes regaled in this house by references to what may be called the communist bogey —for to a large extent it is a bogey. To some extent communism exists in Canada, and possibly there is no part of the country where the communist element is stronger than in the constituency I have the honour to represent. Outside of Winnipeg and a very few other constituencies there is hardly any communist sentiment in this country, but it seems to serve at times as a very convenient bogey or excuse for bringing in legislation of the kind suggested in the resolution which is now before the committee.

I repeat that I cannot understand why these three hundred men are to be added to the mounted police force. I am satisfied that the ordinary good sense of the people of this country, as the Minister of Justice suggested yesterday when he referred to the case at Sudbury, can be relied upon to deal with situations of that kind. Even the small minority of communists of whom some people seem to be so much afraid may be more mild-mannered than is sometimes supposed. Within the past few days the one communist who sits for a Manitoba constituency in the legislature of that province was invited to a social function given by the lieutenant governor. He gracefully and willingly accepted; with his wife he attended the function, and no one would have recognized, I think, any difference between him and any other person present.

Mr. LAPOINTE (Quebec East): That is no new thing.

Mr. HEAPS: If the minister has in mind any reason for expecting that there will occur in the immediate future some event in connection with which the services of these men will be needed, I shall be glad to hear from him. Up to the present all he has referred to is something that occurred in Regina; he spoke of that as an emergency which arose a few years ago. Can he tell me of any other emergency? I doubt if he had any other in mind. It is my conviction that if the government desire to do away with the possibility of such situations they can do so by bringing in social legislation of the right kind. There would then be no necessity to provide estimates for additional police.

Mr. LAPOINTE (Quebec East): My hon. friend referred to what I stated yesterday. I have not a word to change.

Mr. HEAPS: I referred to the Sudbury incident.

Mr. LAPOINTE (Quebec East): I adhere to what I said; but if my hon. friend will read my remarks he will see that, having made the statement to which he referred, I said that order will be maintained in Canada and that all necessary steps must be taken to ensure our continuing to live as we have done so far. The hon. member says that we are increasing the force by three hundred men; that is not so. He said, if you reduced the force last year by fifty men, why not reappoint those fifty; but if we did that it would cost over $100,000, or a good deal more than the pay of these reserve men will amount to while they are in training. It is to avoid an increase of the regular force that we are proposing to take the action that is now recommended.

The hon. member seems to think that the mounted police have no other purpose than to deal with riots or disorder. The mounted

police have to see that all the federal laws, the rules and regulations of every department of the government, are observed; every day they are receiving from various departments of governments instructions to act for the purpose of enforcing federal laws in all parts of the country; and the hon. member knows that the business of the dominion government and its departments, so far from decreasing, is increasing all the time. I do not know what else I can tell my hon. friend. He says that I have not given enough explanations. He asks me what emergency I have in mind. But emergencies, unfortunately, are usually unforeseen; they happen when we do not know that they will happen. It is hard for me to tell the hon. member what may or may not occur. I hope that no emergency will arise which will require any additional force, but if it should come, as the one who is in charge of the Department of Justice, and in that capacity controls the Royal Canadian Mounted Police force, I shall take the responsibility of asking parliament to add to the force such reserves as are needed.

Mr. MacNEIL: In spite of the explanation made by the minister, I am still at a loss to understand why the government should take this indirect method of increasing the personnel of the Royal Canadian Mounted Police. I quite admit the force of the minister's remarks. I have carefully studied the report of the activities of the force, and much may be said by way of commendation of their activities, particularly with regard to dealing with the drug trade, the marine section, the patrol work, the work in the Northwest Territories; in fact the sum total of their activities is quite impressive. But great uneasiness will be caused throughout the country by the explanation made by the minister that the force is to be increased by what may be described as more or less of a subterfuge in order to deal with some imaginary emergency. Immediately we have the right to assume that that emergency is one arising from industrial unrest.

Some hon. MEMBERS: Oh, no.

Mr. MacNEIL: Thus this reserve presents itself as a sort of federally-authorized committee of vigilantes, men whose standing may be indefinite until that emergency arises, and then, at the call of the commissioner of the Royal Canadian Mounted Police, they are to be brought into action to suppress any disorder arising from industrial struggles. That will cause grave uneasiness.

I plead with the minister that if an addition to the Royal Canadian Mounted Police is required, he should take the frank and straightforward method of increasing the force. The duties of the force are clearly outlined with regard to ordinary activities—the agreements with the various provincial governments, the work in the northern part of the dominion, the suppression of the traffic in narcotics, and patrol work on the coast. Surely the requirements of all this work can now be definitely estimated, and if it is necessary to increase the personnel of the Royal Canadian Mounted Police, let estimates be submitted providing for such increase; I do not think that parliament would be reluctant to deal with the ordinary requirements of the force in that regard. But to suggest, as the minister has done in his remarks, that in the event of industrial unrest, men who are half trained, men with regard to whom we cannot be certain that they are under the control and discipline of the force, may be called out in a time of emergency to deal with such conditions, implies a radical departure from the methods hitherto employed in policing the dominion, and instead of increasing the prestige of the force, will certainly lay it open to even graver criticism than has been levelled against it in the past.

Mr. DOUGLAS: The Minister of Justice said that his reason for not accepting the suggestion of the hon. member for Winnipeg North, to the effect that those men who have been removed because of lack of money should be reenlisted, is that it would cost over $100,000. The estimates show that the vote for the Royal Canadian Mounted Police this year has been increased $400,000 I have before me the estimates for the past few years, and though there was a cut last year it has been more than made up by the increase this year.

Mr. LAPOINTE (Quebec East): It is for other purposes. I will give the particulars when the estimates are before us.

Mr. DOUGLAS: The figures are:

1934-35	$5,745,595
1935-36	5,905,595
1936-37	5,594,800
1937-38	6,017,000

It would not be difficult to find another $100,000 in order to reenlist fifty men who have been displaced. If the minister intends to come to the house later on and ask for an increase of $400,000 in the estimates it should not be difficult for him to persuade the house to make it $500,000 so as to enlist these extra fifty men. Instead of that he is establishing a dangerous precedent in setting up in Canada what will amount to a group

of storm troops or reserves whose exact relationship to the state is not clearly defined. It seems to us that the sane and sensible thing to do would be to increase the legitimate force.

Mr. CHURCH: It is apparent to everyone that the Royal Canadian Mounted Police has been a credit to the parliament of Canada from the time it was established. There is undoubtedly a certain amount of overlapping between one force and another—the civilian police, the Royal Canadian Mounted Police, the immigration police, the Canadian National and the Canadian Pacific police. Taking all these forces together we have a considerable organization in Canada. I was chairman of a board of police commissioners for seven years in a time when there was a great deal of trouble in the country and I can speak with some knowledge of their efficiency. I believe that the act should be amended to provide that in any emergency the permanent militia in Canada might be called upon to serve as reserve mounted police officers. If a riot breaks out the mayor or the sheriff must appeal to the minister and to the general officer commanding the district in order to have the police called out. That is the procedure under the criminal code and a great deal of time is lost.

As regards any suggestion of giving away the secrets of the force, obviously that is something that cannot be contemplated for a moment. The police cannot be expected to lay their cards on the table; their secrets are vital to life and property in the country, and the minister's department should not be called upon to divulge anything. Did anybody ever hear of a civilian police force going around with a brass band broadcasting all its secrets?

The fault I have to find is that the number provided for here is not large enough; instead of three hundred the minister should make it five hundred or one thousand, and take in some of the returned men who are out of work. Some of the finest policemen in the larger municipalities are graduates of our universities. I have in mind two young men, graduates of Queen's who made short work of the panhandlers in Toronto. I know of another recruit, also a graduate of Queen's, who was taken from north Toronto to clean up the panhandlers there near the union station. The inspector had him placed in charge of that work and he made a good job of it; many of the men were thieves and pickpockets, and there were even some bandits in the gang that he got rid of.

This is one of the most important departments of government. In one sense it is the most important, because the protection of all life and property in the country depends upon it. It operates in every part of Canada from coast to coast. I wonder what the minister thinks of further coordination among the various forces. I would direct his attention to certain striking remarks of Major General MacBrien the other day in Toronto in an address to university of Toronto graduates at their annual dinner, in which he said that the time had come when the federal authority should take over the provincial police system. I believe there is something to be said for that suggestion. At the Union station in Toronto, at the station in Hamilton and in other large cities one can see representatives of the various police forces of the country—immigration police, mounted police, railway police and others. In my opinion some of the work done by the immigration officers could be taken over by this department. The time has come for coordination. I suggest to the minister that young men from our high schools, out of work for some time, and returned men might be taken into the force; they would make excellent policemen. In Canada we have been fortunate so far in our freedom from the terrors of the kidnapper, but kidnapping is not altogether unknown even in this country. The more we can do, therefore, in the way of coordinating our various forces and strengthening a common police organization for the dominion as a whole the better it will be for Canadians. Representatives of the chief constables associations, both federal and provincial, are unanimous in commending the work done by this department, and I believe that the force should be given increased powers all along the line. At any rate there should be an adequate force available as a reserve in every military district in Canada. I would commend to hon. members the report of the proceedings of the chief constables association, who have advocated greater cooperation, though I must admit that there is a good deal of cooperation at the present time. But the work should be extended, and I hope when the minister is in the old country, he and the Prime Minister and the leader of the opposition—they have always been good friends of the police—

Some hon. MEMBERS: Oh, oh.

Mr. CHURCH: Well they have been good friends of all our police systems and eager to help them. I hope something may be done along the lines of Major General MacBrien's suggestion. I believe there is considerable overlapping of the different systems, five

different departments looking after police work and bandits and kidnappers. We found a few years ago on two or three occasions in Toronto that there was no cooperation, there was not the coordination there should be between the county and provincial and city police and the mounted police, although they were all there but they cooperate now very well.

Mr. MacNEIL: Will the minister inform the committee of the number on the reserve of the force, if any, under the existing provision of the act?

Mr. LAPOINTE (Quebec East): There is none. The existing provision says that the governor in council may from time to time authorize the commissioner to appoint by warrant under his hand such officers and men who have served in the force as a reserve to be known as the Royal Canadian Mounted Police Reserve. My information is that that provision has never been acted upon. One of the main reasons is that ex-members of the force are rather of an age which would not permit them to render the services required.

Mr. HEAPS: Can the minister give the numbers in the mounted police force from the time they were amalgamated with the provincial services?

Mr. LAPOINTE (Quebec East): I shall try to get the figures for my hon. friend when the bill is in committee. I can tell him that today the effective strength of the force is 2,550 men.

Mr. BENNETT: I think some of my friends to the left are labouring under a misapprehension. The vote for the mounted police pays for the whole police, but we get a substantial sum from the various provinces with which we have an agreement under which we discharge police services within their area. The total we vote does not indicate what we as a dominion spend on the service, because part is reimbursed by some of the provinces, six in all I think. The minister might have pointed out also that the police discharge the very onerous task of looking after the enforcement of the customs act and the excise act, dealing with smuggling and matters of that kind.

Mr. DUNNING: Narcotics particularly.

Mr. BENNETT: I was going to speak of that separately. These duties were especially onerous during the time of the operation of the prohibition law in the neighbouring republic, because liquors were brought to our

shores—but that need not be discussed now. I understand that the present strength is 2,550. The late government increased the force, for reasons which were misunderstood by many; the principal reason was that by agreement with the provinces the Royal Canadian Mounted Police was to discharge certain duties for the provinces. Certainly the method which the minister proposes to adopt is far better than adding 300 men permanently, when they might not be required. This merely creates a body of 300 men between the ages of eighteen and forty—I thought the age was thirty-five—

Mr. LAPOINTE (Quebec East): No, forty.

Mr. BENNETT: These 300 men will be selected in the same way as recruits for the force, but they will not be in uniform and will not be paid. They will get training, the reserve will be partially trained men who, united with fully trained men, will be able to discharge the duties, if I have followed the minister aright. I think that instead of adding to the financial burden, as apparently my friends think, it will lessen the financial burden by creating a reserve which will be available if necessity arises, without making a permanent addition to the force. Instead of making it 2,850 it leaves it at 2,550. Possibly it would be better to wait now until one sees the bill, but that is what I understand will be the effect. In two years these reserve men will get three months' training, two months the first year and one the second. Are they to go into uniform at once and be attached to the depots?

Mr. LAPOINTE (Quebec East): No.

Mr. BENNETT: There are two other principles involved in the resolution to which I did not refer. With one of them I am not at the moment in accord, but I reserve my right to express my views at a later stage.

Mr. LAPOINTE (Quebec East): Which one?

Mr. BENNETT: The final one, the question of making the force a continuing insurance company. I have some doubt about that.

Resolution reported, read the first and second time and concurred in. Mr. Lapointe (Quebec East) thereupon moved for leave to introduce Bill No. 83, to amend the Royal Canadian Mounted Police Act.

Motion agreed to and bill read the first time.

SUPREME COURT ACT

AMENDMENT TO CLARIFY PROVISION RESPECTING APPEALS

Hon. ERNEST LAPOINTE (Minister of Justice) moved the second reading of Bill No. 78 to amend the Supreme Court Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1.

Mr. BENNETT: It is the whole bill. Perhaps the minister will make a statement.

Mr. LAPOINTE (Quebec East): Section 37, which is to be amended, is the section of the Supreme Court Act which deals with per saltum appeals. The other sections deal with appeals de plano. When in 1930 the section was amended the intention was that the leave of the court of final resort in the province should be required, as well as the consent of the parties, precedent to an appeal being permitted without going to the court of appeal of the province. But the language of the section does not express the intention as clearly as it should have been expressed. Perhaps I had better read the present section 37:

> Where the amount or value of the matter in controversy in the appeal exceeds the sum of two thousand dollars, subject to section thirty-eight, an appeal shall lie directly to the supreme court from any final judgment of a provincial court, whether of appellate or original jurisdiction, other than the highest court of final resort in the province, pronounced in a judicial proceeding, which is not one of those specifically excepted in section thirty-six,
>
> (a) by leave of the highest court of final resort having jurisdiction in the province in which the proceedings were originally instituted; and
>
> (b) by consent in writing of the parties, or their solicitors, verified by affidavit and filed with the registrar of the supreme court and with the registrar, clerk or prothonotary of the court to be appealed from—

This amendment was made in 1930 at the request of the judges of the supreme court themselves, and the intention was that the two conditions should be fulfilled, namely, the consent of the parties, plus the leave of the court of final resort; but apparently it has been considered by some that it was in the alternative rather than that both conditions were required, and cases have come to the supreme court here. Although the supreme court have maintained that it was intended that both conditions should be required, it is thought better to clarify the situation so that no ambiguity might continue to exist.

The purpose of the amendment is—and this time it is expressed very clearly; the judges of the supreme court had a hand in its preparation—first, that no suitor who has obtained judgment in his favour in a provincial court should, without his consent, be brought by way of appeal before the supreme court without the opportunity of having judgment pronounced upon his case by the court of last resort in the province; second, that on public grounds the consent of the parties should not in itself be sufficient to entitle either of them to come before the supreme court per saltum, but that such consent should be supplemented by leave of the provincial court of final resort; third, that there should be no right of appeal per saltum except upon some question of law, for it seems obvious that questions of fact before coming to the supreme court should be pronounced upon by the court of last resort in the province; and fourth, that there should be no appeal per saltum from provincial tribunals presided over by persons appointed by authority of the provincial legislature. Such tribunals as a rule are mainly concerned with controversies relating to matters which are solely administrative in their character. Of course, this applies only to appeals per saltum and not to appeals de plano, when there is a final judgment by the court of last resort in the province.

The main purpose is to provide that when there is no appeal to the court of final resort in the province there should not be an appeal to the Supreme Court of Canada. There should not be leave to appeal to the Supreme Court of Canada when, under the statute that exists, there is no appeal to the court of last resort in the province. I think this is merely to clarify the situation that already exists, and which has created some difficulties and been the cause of some litigation.

Mr. BENNETT: There has been a great deal of controversy about the section, as the minister knows, and the registrar of the supreme court has held that there must be both the consent of the parties and the leave of the court of last resort in the province before an appeal would lie per saltum. Personally I have another view with respect to the last two clauses, which go beyond anything we have thus far done. The first reads:

> No such leave shall be granted by the highest court of final resort unless an appeal would lie to such court of final resort and also to the supreme court from the judgment of such court pronounced in such appeal.

Inasmuch as this applies only to cases in which over $2,000 is involved, it follows that the right of appeal is the right of the litigant

as far as that last section is concerned, and also "to the supreme court from the judgment of such court pronounced in such appeal," for the first words of line 10 are:

—where the amount or value of the matter in controversy in the appeal exceeds the sum of two thousand dollars—

This brings it within the appellate jurisdiction of the Supreme Court of Canada, and I find much difficulty in understanding the additions at line 23. The third subsection certainly is a somewhat restrictive clause as compared with what has prevailed heretofore. It states:

—no appeal shall lie to the supreme court except from the highest court of final resort having jurisdiction in the province in which the proceedings were originally instituted.

That is the law at the moment; and why it should be expressed again in those restrictive terms, having regard to the fact that an appeal lies as of right, as the minister says, where there is over $2,000 in controversy—and this section only applies to cases in which the amount involved is over $2,000 and therefore the jurisdiction of the court attaches—I cannot quite follow.

Mr. LAPOINTE (Quebec East): I think the first two lines of the subsection are the most important for they indicate the purpose. The rest of the subsection merely says that it must, as well, be appealable to the court of final resort.

Mr. BENNETT: To the supreme court; that is the one I am directing attention to.

Mr. LAPOINTE (Quebec East): It would be appealable in any case.

Mr. BENNETT: Quite so, if it came within the provisions of the section at all. I had a note about the matter the other day which I have not before me at the moment. If the minister would move that the committee rise, report progress and ask leave to sit again this day, it would give me an opportunity to look at the note, and third reading could be given this evening. I had a communication from a member of the profession; I looked up the matter and made a note, and I should like to make sure that I have correctly stated the objections to the statute as indicated by the communication I received. The legislation will not be delayed, because third reading can be given to-night.

Mr. LAPOINTE (Quebec East): Very well. I move that the committee rise, report progress and ask leave to sit again this day.

Mr. BENNETT: In the meantime the section may be carried. If it is necessary to speak to the matter again I can do so.

[Mr. Bennett.]

Mr. LAPOINTE (Quebec East): If the section is carried, should not the bill be reported?

Mr. BENNETT: No, the committee can ask leave to sit again this day.

Section agreed to.

Progress reported.

DEPARTMENT OF NATIONAL REVENUE

REPEAL OF PROVISION RESPECTING GRATUITY IN LIEU OF LEAVE ON RETIREMENT

Hon. J. L. ILSLEY (Minister of National Revenue) moved the second reading of Bill No. 55, to amend the Department of National Revenue Act.

Some hon. MEMBERS: Explain.

Mr. ILSLEY: I do not know that I need add very much to the explanation I gave on the first reading of the bill, but perhaps I might go into it a little further. The provision which it is sought to repeal was enacted in 1928, and reads:

Whenever any officer in the service of the department may be granted a period of leave of absence with pay on his retirement from the service, he shall, in lieu of such leave of absence with pay, be paid out of the consolidated revenue fund, a gratuity equal to the amount of pay which he would have received if he had been granted such leave of absence, and the position occupied by him shall become vacant as from the date of such payment.

Of necessity the practice under the section is that just before an officer of the Department of National Revenue reaches the age of sixty-five years, instead of being given leave of absence with pay to which he is entitled, he is retired from the service and paid a gratuity equal to the amount of pay he would have received had he been granted such leave of absence. But it will be noted that his position becomes vacant when he retires from the service, and superannuation begins from the time of the vacancy. The result is that he is being paid a gratuity in lieu of his ordinary remuneration for the same period for which he is receiving a pension.

That practice does not prevail in any other department of the service, and it is to remove such discrimination that the bill is introduced. It could be done in another way, namely, by extending the rule to all other departments of the service; but there does not seem to be any good ground for making such extension. It seems to be in accordance with fairness and justice to pay a civil servant until his service expires and then—and only then—place him upon a pension. That is what will be done.

The objection may be raised that on occasions it is desirable to render a position vacant and to make a new appointment immediately.

Mr. BENNETT: That can be done.

Mr. ILSLEY: Yes, that can be done by order in council. In other departments of the government where it is found desirable to do that, orders in council are passed on recommendation of the treasury board, by which positions are rendered vacant and then filled.

Mr. BENNETT: And the man retired gets six months gratuity, with his pension.

Mr. ILSLEY: The civil servant retiring under those circumstances gets his pension, plus a gratuity equal to the difference between his pay and his pension for that period. That is just, and will be the position in the present instance, hereafter.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

CUSTOMS ACT AMENDMENT

VALUES FOR DUTY PURPOSES—DRAWBACKS IN RESPECT OF CONSUMABLE MATERIALS AND EXPORTED GOODS

Hon. J. L. ILSLEY (Minister of National Revenue) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure to amend the Customs Act to provide for certain conditions in estimating the value for duty of goods imported into Canada, also for the ratification and confirmation of certain values for duties heretofore fixed, and further to provide for drawbacks in respect of consumable materials and for drawbacks in the case of certain exported goods.

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

Mr. ILSLEY: I think it would be more convenient for everyone if the bill were before the house before much discussion were to take place on the subject matter of the resolution. The bill contains a variety of amendments to the Customs Act, some of which might not and some of which might be described as important. It is impossible to give any comprehensive idea of the subject matter of the bill without dealing with each section in detail. I am willing to answer any questions at this time, but I do suggest that if the bill were before the house it might be more properly dealt with.

Mr. LAWSON: The difficulty in following the minister's suggestion is that very frequently one desires either to seek information or to look up a previous statute or correlated information, and if we wait until the bill is before the house there is no time to do that.

Mr. BENNETT: The minister is asking only for first reading, and will leave second reading until a later time.

Mr. LAWSON: Oh, I understand. The minister has said some of the provisions are not important, while others are. Would he indicate the amendments which he considers important, and which in any way change the principle upon which valuations have previously been made, or the method of making them?

Mr. ILSLEY: Mr. Chairman, there is a section of the act authorizing the fixing of values of fruits and vegetables in certain areas of Canada. That was the practice followed by the late administration and by the present one; and questions having been raised as to its legality, it is the desire of the government to place the matter beyond doubt. I believe that amendment is of some importance.

Another section of the bill deals with the legality and regularity of certain values which have been fixed in times past by ministers of national revenue. I believe those values relate entirely to fruits and vegetables. Certain importers who are seeking refunds from the department allege that values fixed by the last administration in one way or another have been faulty, because certain technicalities have not been complied with.

Mr. BENNETT: The practice has been continued by the present administration.

Mr. ILSLEY: But the petitions of right which have been filed, and the refunds claims, are based entirely upon alleged irregularities under the last administration; I say that only as a matter of information. It may be that under the present administration the same practice has to some extent been followed; but as a matter of fact, I believe all the complaints relate to administration by previous ministers.

Mr. LAWSON: Does the present bill propose to validate the steps which were taken?

Mr. ILSLEY: Section 3 of the bill proposes to validate those steps and the collection of duties thereunder, exempting, however, petitions of right which are now outstanding.

There are a few miscellaneous amendments, including a provision whereby collectors or examiners need not examine one package in ten, which practice has been found impossible of performance. Further, there is a change in the section relating to the pay-

ment of drawbacks, but the change merely makes the section conform to the practice and is not of vital importance. There are two or three minor amendments which it is not necessary to mention.

Then there is a somewhat important amendment relating to the exportation and importation of arms and munitions and other articles that may be used in war. This amendment provides for the repeal of the two sections of the Customs Act which relate to that matter. It has been carefully drafted to meet what are thought to be the requirements of the present day.

Mr. CHURCH: When the Canada-United Kingdom trade agreement was being considered some questions were asked in connection with items 427 and 427a, covering machinery. Certain classes of machinery when imported for use in mining come in duty free, but when imported by small manufacturers they pay a duty of from 15 to 35 per cent, plus an eight per cent sales tax and a three per cent excise tax. Will the minister consider what was said in connection with these items, as reported at page 2068 of Hansard, when he deals with the bill to be based on this resolution? The Minister of Finance promised to bring it to his attention.

Mr. ILSLEY: I will do that.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce Bill No. 84, to amend the Customs Act.

Motion agreed to and bill read the first time.

BUSINESS PROFITS WAR TAX ACT

AMENDMENT RESPECTING PROCEDURE IN DEALING WITH APPEALS

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to revive and amend the Business Profits War Tax Act, 1916, to validate any actions which may have been taken since the coming into force of the revised statutes of Canada, 1927, and to provide that the procedure for dealing with appeals from assessments under the said act shall be similar to the procedure for dealing with appeals under the Income War Tax Act.

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

Hon. J. L. ILSLEY (Minister of National Revenue): Mr. Chairman, at the request of my colleague the Minister of Finance (Mr. Dunning), I am making a brief explanation of this bill.

[Mr. Ilsley.]

The Business Profits War Tax Act was enacted in 1916 and was in force in respect of accounting periods ending in the years 1915 to 1920, both inclusive. By chapter 10 of the statutes of 1924 it was enacted that all taxes, interest and penalties payable under the said act should remain a tax owing to His Majesty until fully paid and satisfied. This was the situation up to the time when the Revised Statutes of Canada, 1927, came into force and effect on February 1, 1928, by proclamation. The effect of the coming into force of the Revised Statutes of Canada, 1927, is set forth in chapter 65 of the statutes of 1924, being an act respecting the Revised Statutes of Canada. The said chapter 65 of 1924, after providing for a certified roll of the acts or parts of acts which are to be included in the Revised Statutes of Canada, provides in section 2 for a schedule of repealed enactments as follows:

2. There shall be appended to the said roll a schedule A similar in form to schedule A appended to the Revised Statutes of Canada of 1906; and the commissioners may include in the said schedule all acts and parts of acts which though not expressly repealed, are superseded by the acts so consolidated, or are inconsistent therewith, and all acts and parts of acts which were for a temporary purpose, the force of which is spent.

Then by subsection 2 of section 5 of the said chapter 65 of 1924 there is a provision for the repeal of the enactments contained in the said schedule A on, from and after the date when the Revised Statutes of Canada are proclaimed to have come into effect. Subsection 2 of the said section 5 provides:

5. (2) On, from and after such day, all the enactments in the several acts and parts of acts in schedule A abovementioned shall stand and be repealed to the extent mentioned in the third column of the said schedule A.

In the said schedule A appended to the Revised Statutes of Canada, 1927, the Business Profits War Tax Act, 1916, and all the amendments thereto are noted as "spent" in the third column of the said schedule. Other acts dealing with other subjects which were not repealed or consolidated are noted in the said column of schedule A as "not repealed or consolidated." Other acts which are included in the Revised Statutes of Canada are noted in the said third column as being consolidated. Still other acts which were repealed by enactments of parliament prior to the coming into force of the revised statutes are noted as being repealed by the chapter number of the year of such repeal.

In no case, however, is an act such as the Business Profits War Tax Act, 1916, the force of which was spent in so far as current years

assessments were concerned at the time the Revised Statutes of Canada, 1927, came into force, noted as being repealed in the third column of the said schedule A; but by reason of the provisions of subsection 2 of section 5 of chapter 65 of the 1924 statutes, referred to above, an act which is noted as being "spent" in the said third column is deemed to be repealed and as no longer having any force or effect. I may say that there is some doubt whether an act which is merely described as being "spent" is really repealed, but my own opinion is that it is repealed by being so described in that column.

Apparently it was the intention of parliament, at least in 1924, to enact that taxes which actually fell due between 1915 and 1920 should remain taxes and be paid. I suggest that it was never contemplated in 1927 that the mere inclusion of this measure in the "spent" column meant that a person who owed taxes due in the period between 1915 and 1920 should not thereafter have to pay those taxes. This act revives the Business Profits War Tax Act of 1916 in so far as taxes which fell due during the period between 1915 and 1920 are concerned.

There are two other provisions which relate to those parts of the Business Profits War Tax Act giving a right of appeal to the taxpayer. The procedure for appeal under the Business Profits War Tax Act is very cumbersome. If a matter is at all complicated, as certain matters which will have to be dealt with under the Business Profits War Tax Act, 1916, may be, appeals will prove very expensive. The provision in the Business Profits War Tax Act with reference to appeals is for the appointment of a board of referees. Then there are appeals from the decision of that board.

Mr. BENNETT: It followed the English practice, unfortunately.

Mr. ILSLEY: The provisions for appeal in the Income War Tax Act are much more direct and much cheaper, both for the crown and for the appellant, and it was deemed advisable to get rid of this board of referees provision. The referees, I might mention, are appointed by the government. To conduct an appeal under those provisions the government has first to appoint a board of referees, who will have to be paid, and they would have to select, I suppose, counsel, who might work for months in conducting the appeal, only to find at the end that there would be another appeal. So this act that I am introducing substitutes the appeal procedure in the Income War Tax Act for the appeal procedure in the Business Profits War Tax Act.

Mr. BENNETT: They can get to the exchequer court quicker, if they so desire.

Mr. ILSLEY: Yes.

Mr. BENNETT: Going to the minister and then to the court; is that it?

Mr. ILSLEY: Yes.

Mr. BENNETT: Only one point arises which involves a question of principle, and that is the effect upon the law of indicating as an appendix to the Revised Statutes of Canada that the operation of the act was spent. That is the whole issue as far as the first part is concerned. I would construe that to mean that it was spent for the purposes of imposing taxation; but for the purpose of the lien of the crown for taxes I should think it is still in force and effect, because the right of the crown in any event to claim a lien is one of its prerogatives, apart from every other consideration. I do not think we should even take time in discussing it, because it is desirable to remove any doubt that there may be upon that point.

Mr. ILSLEY: Yes.

Mr. BENNETT: If there is any doubt, then remove it by a short statement, by an enactment in appropriate words, indicating that doubts have arisen and it is desirable to resolve them; and that is all there is to it. So far as the second point is concerned, I do not think that anybody who might be interested would have any doubt as to this being a better method.

Mr. ILSLEY: No.

Mr. BENNETT: I suppose that as a practical matter this arises from what we have seen in the press about the textile industry?

Mr. ILSLEY: Yes.

Mr. BENNETT: I assumed so, because I remembered the agitation that took place on more than one occasion to have a time limit fixed beyond which taxpayers could not again be harassed in connection with business taxes. I thought that some time before 1930 an amendment was made fixing a date behind which you could not go, but I realized that it had no application to this particular act, because the period of time during which the old business profits war tax operated was 1915 to 1920, and I do not think it was extended beyond 1920.

Mr. ILSLEY: There were certain enactments—

Mr. BENNETT: Yes, but that is another thing.

Mr. ILSLEY: —but the tax itself died in 1920.

Mr. BENNETT: I should not think there would be any difficulty about the act being speedily passed.

Mr. LAWSON: I take it that the act which the minister proposed to introduce is sufficiently broad in terms that, even although the assessment had not been made against some one alleged to be liable to be taxed under the Business Profits War Tax Act, he could now go back and make the assessment.

Mr. ILSLEY: Oh yes.

Mr. LAWSON: Or will it merely revive the old act in so far as assessments which had been made and in respect of which money was owing?

Mr. ILSLEY: Assessments may be made at any time for the tax that arose that is payable for that period.

Mr. LAWSON: Then you are going to revive the right of assessment?

Mr. ILSLEY: Oh yes.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce Bill No. 85, to revive and amend the Business Profits War Tax Act, 1916.

Motion agreed to and bill read the first time.

TRANS-CANADA AIR LINES

ARRANGEMENT WITH CORPORATION RESPECTING LINES AND SERVICES FOR TRANSPORT OF PASSENGERS, GOODS AND MAILS

The house resumed from Thursday, March 25, consideration in committee of Bill No. 74, to establish a corporation to be known as Trans-Canada Air Lines—Mr. Howe—Mr. Sanderson in the chair.

On section 1—Short title.

Right Hon. R. B. BENNETT (Leader of the Opposition): I suppose the minister is well aware that the bill of which he moved the second reading the other day, and the bill that is now before the house, are entirely different. He said that the printed bill did not express what the government proposed as its policy. It is now clear that the proposal is that the Canadian National shall own fifty-one per cent of this enterprise. As the bill originally appeared it was not in that form, but the minister indicated that that change was proposed, and the reprinted bill indicates that it is the purpose of the administration.

[Mr. Bennett.]

I cannot think it is probable that the forty-nine per cent will be subscribed by the companies that are operating air lines in this country. It is just possible, of course, that it will be. I had suggested that in view of the present position and of the observations made the other day as to the close relationship between the railways and air services, the Canadian National Railway and the Canadian Pacific Railway might own the enterprise, and might follow the course that was adopted in the southern hemisphere. It is a course well worthy of consideration, where you have two enterprises owning the same interest in an enterprise of a public character, that each should elect an equal number of directors and that those directors should select the fifth or the seventh director, or as the case may be. If there were four directors, two would be elected by one group and two by the other group; and the fifth would be elected by those four. The result in practice, I was told, was that you secured the services of excellent business men, who devoted themselves to the enterprise and secured an even and equitable distribution of whatever you may be pleased to call it, between the two groups that owned the enterprise.

In this case, supposing fifty per cent were owned by the Canadian National Railways and fifty per cent by the Canadian Pacific Railway company, and that there were seven directors; three would be elected by the Canadian National Railway group, three by the Canadian Pacific group, and those six would elect the seventh, and that seventh man would necessarily be a person of outstanding qualifications or he would not be selected. I am told that in practice the arrangement has proved eminently satisfactory. I endeavoured to speak to the minister afterwards, and I mentioned the matter to his deputy, who, I think, told him of it, but the minister advised, I understand, that I should be informed that nothing came of the negotiations which were carried on looking to some ownership arrangement betwen the two railway companies; so the matter stands in the form in which it is at present, and there are no suggestions before the minister that will enable any other view to be taken than that which is expressed here.

Perhaps the minister will give us some idea of the situation. I confess that I cannot contemplate it without some concern, because, I repeat, if fifty-one per cent of the enterprise is owned by the Canadian National Railways, it is not probable that any of the air lines will desire to become proprietors of the other forty-nine per cent. It therefore follows that

the government will find itself the owner of the whole, because it is really the government's money which is involved.

The minister has met the difficulty I mentioned the other day by providing that guaranteed securities may be issued by the railway company for the purpose of acquiring the whole of the shares, namely, those having par value amounting to $5,000,000; and thus becoming owners of them, they are authorized to sell 49 per cent. It is not probable that they would be acquired by the air line but would remain with the crown; for after all the Canadian National, where we are finding the money on our guarantee, as we do, really means the crown. The question which I suggested the other day is therefore whether or not, under the circumstances, it would be desirable for us to retain ownership of the whole. There is no purpose served by dealing with it in the way proposed except that we divest ourselves of the direction, while at the same time we are responsible for the financial operations, both by the guarantee of the money, which is the capital, and of the deficits for a period of two years.

I seriously suggest that the minister should consider whether it is not desirable under these circumstances that he should recast his bill and retain control in the crown, provided that he make arrangements for the operation of the property by the appointment of a commission, if he deems that desirable, or by some other method or in any other manner that may be appropriate, in the same way as we provided for the operation of our railways. For if we are to hand over the company to the railway, it is clearly an instrumentality of the crown inasmuch as the crown is finding the money. Might it not therefore be desirable—I simply put it in that way to the minister—for us to retain complete and absolute control of the whole, rather than place ourselves in the position we shall be in if we contemplate the possibility of 49 per cent being sold to other interests, whether they be air line companies or whatever they may be. I gather that some discussion has taken place in connection with the other line of railway, though nothing has come out of it. Therefore, so far as we are concerned, we must contemplate the Air Lines as an enterprise that will be wholly owned by the Canadian National, which as I say is an instrumentality of the crown because we find the money, or by the Canadian National and other shareholders who may be willing to subscribe stock in an enterprise as to which in the very nature of things they will have nothing to say either as to direction or as to policy.

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I really think that the matter is of so serious a character that it would be desirable for us to have an opportunity to consider it before a committee. I felt that at first, though I hesitated to press the view because of the lateness of the session. But frankly, this measure should not be put through the house in this way, without an opportunity being afforded for the hearing of evidence before one of our committees so that the whole situation might be carefully canvassed. The minister sees that, after all, it places upon the taxpayers of the country the burden of finding capital amounting to $5,000,000; that is number one. Number two is the question of the deficit; number three, contracts for carriage of mail, and undoubtedly the linking up of our system with Imperial Airways.

Imperial Airways is a joint venture of the crown or government of Great Britain and private shareholders. I suppose it is not too much to say that one hears a great deal about this matter and has done so for years, for their plans have not been secret in a general sense. I have no authority for the statement, but judging from discussions I have heard from time to time in England I do not believe that they contemplated that this was to be a publicly owned airways service so far as we are concerned. I say that frankly to the minister. The only reason I urge that it should be a publicly owned enterprise is that, after all, the public are finding the money. We cannot get away from that; they are finding the money, and inasmuch as they are putting it up, it seems to me that we had better hold the shares. Then we still have the difficulty of overcoming the problem of administration and operation. Though the Prime Minister must be convinced of the anxiety of all of us to assist him in closing the house, nevertheless this is a measure which I cannot help thinking is of first-rate importance, and I say with all candour that it should be considered by a committee. In my opinion a standing committee of this house should have an opportunity to hear witnesses.

One leading airman who used to be associated with one of our air companies was here the other day and I had some discussion with him about the situation. It had not to do with this particular bill, for I did not know then what the bill was going to be, but I could see that he had views which I thought might be useful. We have a number of airmen of such transcendent worth and merit that expressions of opinion from them would be quite useful in connection with operation; and the experience that has been gained by our friends to the south is also

important. Recent accidents that have happened there indicate that certain difficulties will have to be overcome in connection with provision for safety and many other problems of the first rank.

I have made inquiries, as naturally the minister would expect I should, with regard to this matter in years past, because it is not something new; it is not as though the subject arose yesterday. I do repeat to the Prime Minister and the minister himself my earnest wish that it were possible to have a committee hearing so that an opportunity might be afforded to secure the views of those who are certainly much better able than most of us in this house to pronounce upon the matters involved. I know the minister has given a good deal of attention to the subject, and he is an engineer; but this is a very special form of engineering, a special form of transport, and the problems involved not only affect the mere carriage of freight and mails and passengers but are of vital import to the life of the nation as a whole. We have spent a good deal of money putting up beacons. In days when my friends opposite were over here, and when we were subject to great criticism, the unemployed prepared excellent landing fields, which were a great surprise to the Minister of National Defence when he saw what had been done under the direction of that particular department in the days to which I refer.

Without further trespassing upon the time of the committee, I will simply say this. I cannot say that I approve of the measure, because I do not; but I shall be convinced if it can be shown that it is the only method that can be pursued. But, alas, there is no method by which members of this committee can secure the requisite information except through a special committee; and if we pass this bill and send it to another place, they may desire, as they have frequently done in connection with other matters, to have a committee deal with this whole question. In that event we should be deprived, except by reading, of much of the information which this commons house should have before embarking upon a policy that will have very far-reaching consequences with respect not only to air transport but to the very existence of the country itself.

Aerial transportation is of primary importance in connection with defence and allied questions, and it is for that reason I think a committee of the house should consider it. If the minister thinks that is out of the question, I can only place my views before this committee as strongly as I can, and leave it at that.

[Mr. Bennett.]

Hon. C. D. HOWE (Minister of Transport): As my right hon. friend has intimated, we expected almost until the day when we introduced this bill that our two principal railway companies would be shareholders in the enterprise. We learned at the last moment that the directors of one large company decided not to take up the enterprise, and therefore we had to make a very quick change in the bill. I have always been of the opinion that the railways were the proper bodies to lend stability to this enterprise.

Mr. BENNETT: Quite.

Mr. HOWE: As I said before, they are in the transportation business, and it would be a tremendous advantage to the enterprise to have the use of their facilities in selling tickets and in various other ways that I have already mentioned. At the same time we certainly want the very best aviation experience available in this country, and therefore in my opinion it is important for us to have ownership representation of companies now performing aviation service in Canada.

I am unable to share my right hon. friend's doubts about aviation companies taking up 49 per cent of the stock. I have had a number of telephone calls since this bill was brought down, saying that they are most anxious to discuss the matter; in fact, I have had to be rather rude to two or three of them because I did not care to discuss it until the bill was finally disposed of. I think there is nothing to fear about that feature.

As to putting the bill before a committee and hearing all the interests which might appear, I feel that nothing of great importance would come of that; I have been in a committee for months now, listening to every one who cared to make representations. I came to the conclusion that the corporation must be set up before we can deal with the aviation companies. I found them most unreasonable in maintaining a position against other companies in the same field, and until we are able to deal with a definite set-up, so that we can say to them: Now this is the company; what part do you like and what have you to offer?—until we can get all those facts I do not think we are going to be in a position to deal with the individual aviation companies. I am satisfied that this is the best way to go about the matter. True, we must have a board of directors for this corporation, and I think that the board should represent the ownership of the corporation. The government is entitled to representation because the government has a very great responsibility to ensure that this company is

operated efficiently. I think that the railways should be represented in the ownership, and I believe that the other interests should also be represented.

In regard to having the best technical advice that we can get, I have explored that field very thoroughly. I have told companies with American interests that they could not participate. But they tell me frankly that one of their great interests in this line is that it shall be efficiently operated. They point out that a crash in Canada is just as serious to them as a crash in the United States, and they have offered to put all their technical advice at our service; they have offered to send officers here and give me the benefit of their organization in order to get this off to a proper start. That assurance I have. But before making use of that, we must have a company with a board of directors; we must know the extent to which we have technical assistance available in Canada. After that, we can decide what technical advice we require from the United States or elsewhere. I am satisfied that the first step is to set up a corporation, and have a substantial underwriter. My right hon. friend says it is the government itself, and I will not quarrel with that view; but notwithstanding that, it is the agency of the government that specializes in transportation and I think that they, rather than the government, are the proper people to do this underwriting.

As to whether this legislation should go through at this session or be held over, I think it is most important to pass the bill at this session. Our air fields are ready and finished; the whole organization is set up from Winnipeg west. Before this summer is over we expect that the entire system from coast to coast will be ready for operation as far as the main line is concerned. We are under pressure from Imperial Airways, if you like, or the government of Great Britain, and the government of the Irish Free State, in the matter of a connecting service with flights that they are starting almost immediately across the north Atlantic. I have undertaken informally with them to be ready to take the mails as they deliver them on the east coast, and to carry them across to the west coast. It is important that the service be conducted through Canada rather than across the United States—

Mr. BENNETT: Hear, hear.

Mr. HOWE: —because once the service is established it is difficult to change the route. We should be ready to meet that need and obtain that business for Canada. I regret that the lateness of the session does not seem to admit of the submission of this bill to a committee, but I am satisfied from my own experience that very little would be gained by bringing in the very numerous aviation companies in Canada to appear before a committee and give their views. I am satisfied that those views would be exceedingly conflicting, and that in the end the committee would find it necessary to do what I have to do, form my own opinion.

Mr. BENNETT: The minister will observe that I was very careful not to suggest that the bill should not be proceeded with this session; I did not even hint that. But I think I have a just right, as has every hon. member of the House of Commons, to complain that this bill should be submitted so late.

Mr. HOWE: Quite.

Mr. BENNET: I recall the wheat bill. We sat here until July, and the government yielded to the view then suggested that it should be sent to a committee, and we sat during the long hot days of early July and the committee heard witnesses on the bill—on the bill, not on the general question. The only question that is at issue is whether or not it would be possible to submit the bill to a committee. That is what was done in that case. I think, in a matter of such very great importance—not to traverse the ground again—this measure might have been submitted to the house earlier. I know that if we had undertaken to submit a bill of this importance so late in a session which is necessarily brief, we would have been very strongly and vigorously denounced in language that, if it were to emulate some we hear, would certainly be that of the gutter and not of this house; but that is not a matter of importance, I suppose, at this time. I do suggest, however, that as apparently we cannot deal with it by a committee, and as there is an acute difference of opinion with respect to some of these clauses, we might proceed now to get rid of the clauses about which there should not be any difficulty, and then, either later this afternoon or tomorrow, we could proceed to discuss the clauses about which I fancy there must be considerable difference of opinion in the house.

Mr. DUNNING: Mr. Chairman, we expect the Black Rod in a moment to summon us to the senate, and I believe the Speaker wishes to make some announcement from the chair, so I would move that the committee rise, report progress and ask leave to sit again this day.

Section stands.

Progress reported.

THE ROYAL ASSENT

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

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

Accordingly, the house went up to the Senate,

And having returned,

Mr. SPEAKER informed the house that the Deputy of His Excellency the Governor General had been pleased to give in His Majesty's name the royal assent to the following bills:

An Act respecting alteration in the law touching the Succession to the Throne.

An Act to amend The Canadian and British Insurance Companies Act, 1932.

An Act to amend the Militia Pension Act.

An Act to amend The Dominion Franchise Act.

An Act to amend the Dairy Industry Act.

An Act to provide for Appeal to the Court of Appeal of the Province of British Columbia in Divorce and Matrimonial Causes.

An Act to amend the Weights and Measures Act.

An Act to increase Employment by encouraging the Repair of rural and urban Homes.

An Act to amend The Canadian Red Cross Society Act.

An Act to amend The Prairie Farm Rehabilitation Act.

An Act for the relief of Joseph Neilson Blacklock.

An Act for the relief of Francis Hector Walker.

An Act for the relief of William Edward Connor.

An Act for the relief of Annie Nemchek Cohen.

An Act for the relief of James Gordon Ross.

An Act for the relief of Florence Anna Iverson Salberg.

An Act for the relief of Charles Marsh Doxsey.

An Act for the relief of Phyllis Stanners Kitchin, otherwise known as Judith Stanners Kitchin.

An Act for the relief of Ivy Jackson Beaulne.

An Act for the relief of Charlotte Opal Moore Norton.

An Act for the relief of Mildred Tannenbaum Sufrin.

An Act to incorporate Federal Fire Insurance Company of Canada.

An Act to incorporate Gore District Mutual Fire Insurance Company.

An Act to incorporate Sterling Insurance Company of Canada.

An Act to incorporate Toronto General Insurance Company.

An Act to incorporate the Sons of Scotland Benevolent Association.

An Act to amend the Government Harbours and Piers Act.

An Act to amend the Old Age Pensions Act.

An Act respecting a certain Trade Agreement between Canada and the United Kingdom.

[Mr. Dunning.]

An Act to incorporate Wellington Fire Insurance Company.

An Act respecting the appointment of Auditors for National Railways.

An Act to amend the Precious Metals Marking Act, 1928.

An Act to authorize the provision of moneys to meet certain expenditures made and indebtedness incurred by the Canadian National Railways during the calendar year 1937, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railways.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1938.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1937.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF PUBLIC WORKS

Harbours and rivers, Quebec—Under contract—

Boucherville—protection work, $7,000.

Cape Cove (Anse du Cap)—wharf reconstruction, $9,000.

Dune du Sud, M.I.—breakwater, $6,200.

Havre Aubert, M.I.—strengthening and widening wharf, $13,000.

Hull—protection work, $5,000.

Isle aux Grues—extension to north wharf, $12,500.

L'Islet—wharf reconstruction, $13,000.

Little River St. Lambert—dredging—the provincial government to contribute a like amount, $4,000.

Manicouagan—wharf extension and repairs—one-third of cost to be contributed by the Ontario Paper Co., Ltd., $27,400.

Rivière Cachee—dredging—the provincial government to contribute a like amount, $4,000.

Rivière du Loup—wharf enlargement, $16,800.

Rivière Laguerre—contribution towards completion of improvement, the provincial government to bear a like amount, $15,000.

Sept Iles—wharf repairs and extension, $7,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $300,000.

Mr. BENNETT: These are all presently under contract?

Hon. P. J. A. CARDIN (Minister of Public Works): Yes.

Item agreed to.

Saskatchewan, Alberta and Northwest Territories — harbours and rivers generally — for maintenance of services, no new works to be undertaken, $15,000.

Mr. MacNICOL: Could the minister tell us where there are any harbours in Saskatchewan?

Mr. CARDIN: This vote is to cover improvements in the rivers.

Mr. MacNICOL: It says harbours, and I was wondering where they were.

Mr. CARDIN: That is the general description applied to all these votes.

Item agreed to.

Dredging—maritime provinces, $300,000.
Dredging—Ontario and Quebec, $320,000.
Dredging—Manitoba, Saskatchewan and Alberta, $96,000.
Dredging—British Columbia, $185,000.

Mr. BENNETT: Would the minister give some particulars of the dredging to be done in the maritime provinces?

Mr. CARDIN: This amount of $300,000 for the maritime provinces is required to carry out dredging operations in Nova Scotia, New Brunswick and Prince Edward Island by contract, day labour, and departmental plant, and to provide for the repair and maintenance of this plant during the fiscal year 1937-38.

This is a regular annual appropriation, and the expenditures chargeable to this are mainly for works which can be more economically charged to this vote, and any larger works which require to be done by contract where no departmental plant is available and for which there is no special appropriation. A tentative program covering the season's operations is made out for each dredge from the list of works requested, according to the locality in which the plant is located, but very often this program cannot be carried out on account of the necessity arising during the season for some other urgent work to be performed first.

The plant we propose to operate this year consists of dredge No. 5, Northumberland, $50,000; dredge No. 9, Montague, tug Fredericton and plant, $45,000; dredge No. 2, $25,000; dredge No. 13, tug Lisgar and plant, $50,000; dredge No. 14, $6,000; dredge No. 15, $8,000; dredge No. 16, $7,500; dredge No. 17, $8,000; dredge No. 18, $5,000; dredge No. 19, $5,000; contingencies and travelling expenses, $4,500.

The plant which will not be operated this year but which will require a certain amount of maintenance consists of dredge No. 1, dredge No. 4, dredge No. 115 and the tug Canso. It is proposed to build ten pontoons for dredge No. 5 at a cost of $27,000. These items make up the total vote.

Mr. MacNICOL: The next part of the item covers dredging for Ontario and Quebec. How much will be spent in Ontario and how much in Quebec?

Mr. CARDIN: Under this vote it is proposed to put six dredges into operation, which will leave three not in operation this year. We propose to build a new steel scow for dredge No. 117. I have not the division of the amount as between Ontario and Quebec. If the hon. member desires that information I shall have to give him a list of the places in Ontario and Quebec where it is proposed to use these dredges. I can venture the statement that the amount is generally divided equally between the two provinces.

Mr. MacNICOL: Is the dredging under this item correlated with the dredging under item 72 on page 27 of the estimates—dredging in Montreal harbour and the St. Lawrence river.

Mr. CARDIN: There is no relation between the two items.

Mr. MacINNIS: Where will the appropriation under the item for British Columbia be spent?

Mr. CARDIN: It is on the Fraser river that the grant will be expended.

Mr. MacINNIS: All of it?

Mr. CARDIN: All of it, yes.

Item agreed to.

Roads and Bridges

Burlington channel bridge—maintenance and repairs, $15,000.
Calumet-Bryson bridge—improvements and repairs, $11,500.
Dominion roads and bridges—generally, $5,000.
Kingston wharves and bridges—maintenance and repairs, $10,100.
Ottawa—maintenance and repairs to bridges and approaches, $7,100.
Matapedia bridge—repairs and improvements, $13,400.
Perley bridge over Ottawa river at Hawkesbury, $6,700.
North Temiskaming bridge—improvements, $3,500.
Portage du Fort bridge—improvements and repairs, $4,600.
Selkirk bridge—maintenance and repairs, $3,500.
Delta—repairs to bridge, $3,000.

Mr. BARBER: What is the policy of the department with regard to construction and maintenance of bridges? Is it confined to interprovincial bridges?

Mr. CARDIN: Interprovincial and international.

Mr. BARBER: The reason I asked is that we have under construction at Westminster a very fine bridge, costing a considerable sum of money, and the people understand that the federal government has been approached for a grant of two million dollars towards that bridge. If that grant was made it would perhaps eliminate the necessity for tolls, and the residents of the immediate neighbourhood would benefit considerably. Has the minister any information to give about this matter?

Mr. CARDIN: It is true that representations have been made to the government with a view to obtaining some assistance towards the construction of that bridge, but a decision has not yet been reached.

Mr. MacNICOL: Is the Calumet-Bryson bridge, from the mainland over to the island, an interprovincial bridge? It may be for all I know.

Mr. CARDIN: Of course, there is always an exception to any rule. This bridge, I am informed, is very old; and during the last ten or fifteen years, bridges here and there have been built in whole or in part with the assistance of a federal grant. In only a very few cases, however, has the federal government undertaken to put up bridges within a province or to contribute to their construction. The rule that we do not contribute except to an international or interprovincial bridge has been pretty consistently followed by the department and the government for many years.

Mr. MacNICOL: Well, is the Matapedia bridge an interprovincial one?

Mr. CARDIN: Yes.

Mr. MacNICOL: How is it interprovincial? Is it from Quebec to New Brunswick?

Mr. CARDIN: It is between Quebec and New Brunswick.

Item agreed to.

Saskatchewan and Alberta — Saskatchewan and Alberta telegraph and telephone lines—repairs and improvements, $24,000.

Mr. MacNICOL: What has the federal government to do with telephones in Saskatchewan and Alberta?

Mr. CARDIN: This service was established by the federal government before the provinces were organized, at a time when there was no possibility of inducing private companies to establish either a telephone or telegraph system in that country, and it has since been kept up by the government in many cases, I might say, because we could not dispose of the services. We could find nobody willing to accept the responsibility of operating a telegraph line in a locality where there was not very much business to be expected.

Mr. MacNICOL: Is there any business?

Mr. CARDIN: Yes, some business, but not enough to meet the expenditures.

Item agreed to.

Miscellaneous

Architectural branch—salaries of architects, clerks of works, inspectors, draftsmen, clerks and messengers of outside service, $72,000.

Engineering branch—salaries of engineers, clerks, etc., of outside service, $396,000.

For operation and maintenance of inspection boats, $11,400.

Maintenance and operation of water storage dams on Ottawa river and tributaries, $35,000.

National Gallery of Canada, $75,000.

National monument on Connaught place, $100,000.

Surveys and inspections, $65,000.

Balance of expenditure for works already authorized, provided amount for any one work does not exceed $200, $5,000.

Miscellaneous works not otherwise provided for, not more than $3,000 to be expended upon any one work, $50,000.

Mr. STIRLING: What progress can the minister give account of for the national monument on Connaught place?

Mr. CARDIN: The monument is ready to be put in place, but there are so many conflicting ideas as to the site upon which it should be erected that up to the present time the government has been unable to decide. We shall have to make up our minds one way or the other pretty soon, because the monument must be erected during the summer.

Mr. STIRLING: Where is it now?

Mr. BENNETT: Stored, the last I knew about it.

Mr. CARDIN: I am informed that the figures are in England at present.

Mr. MacNICOL: Where are the water storage dams located on the Ottawa river and its tributaries, and for what purpose are they now used?

Mr. CARDIN: There is the Temiskaming dam and the Quinze dam on the Ottawa river. The object of these dams is to store the spring floods and augment the low water flow, thus equalizing the run-off in the Ottawa valley throughout the year.

Mr. GRAYDON: Referring to the item for surveys and inspections, does the aggregate include anything with respect to Port Credit harbour, in the county of Peel?

Mr. CARDIN: Yes, the amount that might be necessary for the survey my hon. friend mentions could be taken out of that vote.

Mr. GRAYDON: May I point out to the minister, as I have done on occasion before, that in view of the importance of this some money should be spent to improve its facilities. I will give the minister plenty of time to consider the proposal. He will not be pressed for time between now and next session, and I urge upon him once more the importance of carrying on the undertaking which was begun through a vote in 1935 for harbour improvement facilities at Port Credit. I know that the far-famed courtesy and consideration of the minister assures that my proposal will receive some kind of favourable attention when the next estimates are brought down.

Mr. GLADSTONE: I trust the minister will permit me to make a few observations without considering them in any degree critical of the department; nor would I have my remarks construed as critical of the former Minister of Public Works. It seems to me there is great need for more coordination of effort in meeting the demands of other departments upon the Department of Public Works for public buildings and other works. There should be more cooperation between the Post Office Department, for example, and the Department of National Revenue. There is one instance of the need of cooperation. I think the officials of the Department of Public Works can in many respects be absolved of blame, because they have a great task in trying to satisfy what are perhaps unreasonable demands by other departments —demands far in excess of the immediate requirements, providing as they do for cities of three and four times the present population.

There is room for improvement in the construction of buildings. I suggest that buildings in the majority of cases should be erected on lots deep enough and constructed so as to allow for extension when greater accommodation is needed. In many buildings, too, the lighting system is defective; in some post offices the lights are not well placed to serve properly those who sort and distribute the mail. One cannot help criticizing also the type of doors found in some of these buildings. Some doors are so massive and heavy that it is impossible for a frail woman to open them, and when she stands on the step trying to pull one of these doors open some able-bodied man may be pushing the door open violently from inside. If there have been no accidents from that cause there certainly will be.

I strongly recommend that an effort be made to keep the space provided more nearly in line with the requirements. There is great opportunity for saving money in this direction. In my contacts with the Department of Public Works I have found that the officials have been giving these matters careful consideration, but unfortunately they find themselves up against a stone wall in the form of demands made upon them by other departments.

Mr. MALLETTE (Translation): Is the hon. minister of Public Works in a position to tell me whether the item of $75,000 for the National Gallery of Canada is to provide only for the upkeep of the gallery or whether there is also included therein an amount for the purchase of paintings?

Mr. CARDIN (Translation): I understand that part of the amount is to provide for the purchase of paintings.

Mr. MALLETTE (Translation): Does the minister know how much has been spent for that purpose in 1937?

Mr. CARDIN (Translation): I am not in a position to give the information asked for by the hon. member, because I have not got it before me, but if he would like to have it, I shall give it to him to-morrow.

Mr. STEWART: What is the total amount of the main estimates for public works last year, the total of supplementary estimates for public works, and the corresponding figures for this year?

Mr. CARDIN: The main estimates for 1936-37 amounted to $13,411,570; the special supplementaries, $14,956,585; the regular supplementary estimates—that is to say, the supplementary estimates in addition to the main estimates—$2,835,700, or a total of $31,203,855. For the present year the main estimates amount to $12,504,420; the special supplementaries, $12,550,000; or a total of $25,054,420. That represents a decrease of $6,149,435.

Mr. STEWART: What are the figures for the previous year?

Mr. CARDIN: In 1935-36 the main estimates amounted to $14,530,320; the supplementary estimates, $2,906,150; further supplementary estimates, $2,000,000; and special estimates, what was required under the Public Works' Construction Act, $7,992,243.

Mr. STEWART: I gather from what the minister said when these estimates were up before, that practically all the undertakings under the two Public Works' Construction Acts have been completed and that none of them appears in these estimates. Is that correct?

Mr. CARDIN: There are only three items that have not been put through—the Cobalt public building, the Guelph public building, and the Toronto tunnel. All the other undertakings have been carried out.

Mr. STEWART: Guelph public building; that is not the new public building, is it?

Mr. CARDIN: No, that is the installation of an elevator in the old building, for $15,000.

Mr. STEWART: Approximately what would be the total of those items?

Mr. CARDIN: For Guelph, $15,000; Cobalt, $53,000; and the Toronto tunnel, $1,000,000.

Mr. STEWART: Apparently those have been dropped.

Mr. CARDIN: Yes.

Mr. STEWART: They are not provided for anywhere in these estimates?

Mr. CARDIN: No.

Mr. STEWART: Have any representations been made recently in connection with the tunnel at Toronto? The airport question seems to be very much alive there now.

Mr. CARDIN: No representations have been made to the department recently.

Item agreed to.

Graving Docks

Champlain graving dock, $72,000.
Esquimalt graving dock, $90,400.
Lorne graving dock, $48,400.
Selkirk—repair slip, $4,300.

Mr. STEWART: There seem to be some increases there; they are not large. Is it just a matter of maintenance, or some extensions or additions? If there are no extensions, if it is just an increase in maintenance—

Mr. CARDIN: Yes, it is only maintenance and operation.

Item agreed to.

SPECIAL SUPPLEMENTARY ESTIMATES, 1937-38

Public Buildings—Nova Scotia

Halifax—new public building, $45,000.
Halifax—ordnance buildings, $200,000.
Halifax—Rockhead hospital—reconditioning and improvements, $30,000.
Lunenburg public building—repairs and improvements, $7,500.

Louisburg—public building, $20,000.
Mulgrave—public building, $26,000.
Springhill public building—alterations and improvements, $3,500.
Stewiacke—public building, $14,500.
Sydney Mines public building—addition, $13,500.
Trenton—public building, $20,000.
Wolfville—purchase of land adjacent to public building, $1,500.

Mr. CARDIN: Possibly it may appear to hon. gentlemen opposite that the list of these supplementary estimates is long. There are a number of pages of different items, but I am sure my hon. friend the ex-Minister of Public Works (Mr. Stewart) understands exactly the position the department is in when called upon to prepare the main estimates. There is always a large number of reports which have not been made by the different engineering branches all over Canada, and after we have prepared the main estimates we always receive many requests from the engineers and from different constituencies in Canada.

There is nothing exceptional so far as the number of items is concerned; I think there are fewer items in these supplementary estimates than I had in last year's list. They all relate to the same class of work and undertakings covered by the main estimates; the repair or reconstruction of a wharf or pier, or a certain amount of dredging here and there; and I venture to say that these expenditures, which do not amount to very much in all compared with the whole expenditure of the country, are to a large extent incurred in practically the same regions. It is easy to understand that, because ports and rivers are not as numerous in some provinces of Canada as in others.

For example, the number of requests received from Ontario, Quebec, and the maritime provinces for the development of little harbours which might help commerce generally or the fishermen is larger than from other provinces, which accounts for the large number of items found in these supplementary estimates. I am doing what my predecessor did and what his predecessor did in the old days in that regard. It has been the practice in our country since confederation to give as much help as possible to these small places where fishermen are earning their living by the hard work of fishing; governments have always been inclined to come to their help even when in certain cases there was not a very strong justification from a purely business point of view. The sentimental element has always entered into the consideration of the requests made by these localities for aid from the federal treasury. So in reality I

am simply following in the footsteps of those who preceded me and continuing what has been the practice in Canada since confederation.

Mr. STEWART: I can understand the position of the minister owing to the fact that the session started rather early this year, which perhaps accounts for the comparatively small number of items in the main estimates and the larger number in the supplementaries. The minister said that he is following in the footsteps of his predecessor, but I hardly recognize my tracks. It seems to me he is blazing a new trail in some directions. He says there are many demands; I can understand that, and I venture to think that even with the considerably extended list he has not met all the demands for public works that have been made upon him.

Mr. BENNETT: There are forty constituencies he overlooked.

Mr. STEWART: It might be interesting to know the particular constituencies where the minister's tracks may now be found, to say nothing of those of the former minister. I venture to think they are not in just the same constituencies.

I notice that the largest public building item is at Halifax; ordnance building, $200,000. Would the minister explain that item? I thought those buildings were in fairly good shape.

Mr. CARDIN: This amount of $200,000 is required towards the construction of the following ordnance buildings at Halifax: stores building, a work shop, and two buildings for vacant stores. The estimated cost of the stores building, a five-storey brick structure, is $277,000. The work shop, a one-storey building, is to cost $78,780. The vacant stores buildings are to cost $55,000 and $22,000 respectively. Fittings for the stores building are estimated at $41,800; overhead crane in work shop, $1,100, and supervision and contingencies, $23,858. This has been requested by the Department of National Defence.

Item agreed to.

Public Buildings—New Brunswick

Minto—public building, $24,700.

North Head—public building, $31,000.

Rogersville—public building, $11,000.

St. Stephen—building for customs and immigration purposes, $110,000.

Mr. BROOKS: I notice this vote provides for a public building at Minto, New Brunswick. I should like to ask the minister if that building is for use as a post office.

Mr. CARDIN: The building will be used for postal purposes.

Mr. BROOKS: Has the site been selected yet?

Mr. CARDIN: Nothing has been decided as yet; the site has not been acquired.

Mr. BROOKS: I understand one site under consideration is in Sunbury county. Minto, as the minister may not know, is a town located in both Sunbury and Queens counties. The post office has always been considered to belong in Queens county, and when the question of the site is under consideration, I presume by the Post Office Department, I hope they will consider the most central location to serve the needs of the people in that town, located as I say in two constituencies.

The people in that section are quite concerned over a rumour that the proposed site is near the liquor store in Minto, and for that reason a good many of the citizens are opposed to that location. I am sure my hon. friend from York-Sunbury, who is noted as a very strong temperance man, will use his best endeavours to see that a site near the liquor store is not chosen. I am also satisfied that he will endeavour to see that the building is located in the centre of the village, where it will serve most of the people to the greatest advantage. If he does that, I am satisfied that the site chosen will be in the constituency of Royal, and not in the constituency of York-Sunbury.

Mr. CLARK (York-Sunbury): This public building in Minto, which is in Sunbury county—

Mr. BROOKS: I beg the hon. gentleman's pardon; it is not in Sunbury county. It is not an incorporated town at all, but the main stores and business places are in Queens county. I am surprised the hon. member does not know more about that end of his constituency.

Mr. CLARK (York-Sunbury): Minto is a mining town in Sunbury county, and this vote is very much appreciated because it will mean the first dominion public building to be erected in the county of Sunbury.

Mr. BROOKS: Has the site been decided upon?

Some hon. MEMBERS: Order.

Mr. BROOKS: May I ask a question?

The CHAIRMAN: The hon. member may ask a question if the hon. gentleman who has the floor permits him to do so.

Mr. BROOKS: My hon. friend says this will be the first public building to be erected in Sunbury county, and I should like to ask him if the site for that building has been selected. I understood the Minister of Public Works to say it had not yet been chosen.

Mr. CLARK (York-Sunbury): I have no doubt that is correct; the site has not been chosen, but when it is selected, certainly it will be in Sunbury county.

Mr. STEWART: I should like a little additional information with regard to the St. Stephen building for customs and immigration purposes. Has the site of that building been definitely determined as yet? As I recall it, there was some question as to the exact location of a bridge there.

Mr. CARDIN: I am informed that the building has been completed, and that this amount of $110,000 covers the estimated cost of a concrete retaining wall, rough granite facing, balance of purchase of property, foundations for customs warehouse, superstructure for customs warehouse, grading and fencing, supervision and contingencies.

Mr. STEWART: As I recall it, there is pretty heavy traffic at that point. Will this provide complete equipment for that building?

Mr. CARDIN: Yes; that is my information.

Item agreed to.

Public Buildings—Quebec

Amos—public building, $55,000.
Farnham—public building, $10,500.
Hull—armoury, $100,000.
L'Assomption—public building, $34,000.
Montreal—armoury for Le Régiment de Maisonneuve, $100,000.
Montreal, Point St. Charles—armoury, $15,000.
Montreal public building—addition and alterations, $147,000.
North Hatley—public building, $12,000.
Perce—public building, $10,000.
Point Claire—public building, $23,500.
Pointe au Pic—public building, $36,000.
Quebec—postal terminal building, $300,000.
Quebec quarantine facilities—improvements, $25,000.
Quebec West—public building, $12,500.
St. Andrews East—public building, $14,000.
Ste. Anne de Bellevue military hospital—improvements and alterations, $25,000.
Ste. Anne de la Pocatière—public building, $12,000.
St. Johns—customs building, $38,000.
St. Charles de Bellechasse—public building, $13,500.
Scotstown—public building, $15,000.
Temiskaming—public building, $20,000.
Weedon—purchase of building for postal purposes, $12,000.

Mr. STEWART: I should like some information with regard to one or two items in this list. I notice that several armouries are included; I will pass those by, but there is an expenditure of $300,000 for a postal terminal building at Quebec. Would the minister give us some explanation of that item?

[The Chairman.]

Mr. CARDIN: The accommodation that is to be provided in Quebec will be of the same type that has been provided in Montreal, for example, and Ottawa. It is to be a central building where mail will be handled right from the train. It is proposed to erect this building in the vicinity of the station.

Mr. STEWART: The last item provides for the purchase of a building at Weedon for a building for postal purposes; would the minister explain that?

Mr. CARDIN: This $12,000 provides for the purchase of a building for postal purposes. The estimated cost of the property is $10,100, and the repairs that will have to be made include repairs to the roof, chimneys and porches; improved heating, plumbing and wiring systems and so on, at a cost of $1,900. In view of the report made to us and the study made by the architect it was thought advisable to buy this building, which is very suitable, rather than begin a new construction. The building is in the centre of the locality and we expect to get it at a favourable price, because not many people around there are in the market to buy property of that value.

Item agreed to.

Public Buildings—Ontario

Arthur—public building, $12,000.
Bobcaygeon—public building, $12,000.
Burlington—public building, $6,500.
Cobourg public building—addition and alterations, $25,000.
Cornwall—armoury, $100,000.
Havelock—public building, $12,000.
Kingston—machine shop, $45,500.
Lucknow—public building, $15,000.
Mildmay—public building, $3,000.
Nipigon—public building, $15,000.
North Bay public building—addition, $30,000.
Ottawa post office—removal and replacement, inclusive of site, $250,000.
Ottawa—new departmental building, $250,000.
Ottawa—building for supreme court, $250,000.
Ottawa — Confederation buildings — improvements to Wellington street, $100,000.
Ottawa—buildings for Department of Mines and Resources, $260,000.
Ottawa—improvements to Plaza, $250,000.
Ottawa—parliament building, $70,000.
Ottawa—record storage building, $489,000.
Ottawa—Royal Canadian Mint, $22,000.
Ottawa—Justice building, $45,000.
Oakville—public building, $30,000.
Renfrew public building—addition and alterations, $22,000.
Simcoe public building—addition, $17,000.
Sioux Lookout—public building, $39,500.
Toronto postal station "F"—alterations and improvements, $15,000.
Toronto—postal station "K", $11,500.
Tweed—public building, $15,000.
Vankleek Hill—public building, $12,000.

Mr. MacNICOL: What kind of machine shop is to be erected at Kingston? A machine shop costing $45,500 would be an extensive plant. Out of the $2,424,000 provided for Ontario I notice the city of Toronto is to get the magnificent sum of $26,500. Is there any need for the first item in the list, the public building at Arthur? It has been rumoured that if the proposal of the hon. member for Wellington North (Mr. Blair) had carried, a lethal chamber might have been erected in that village. However, since no action is to be taken on his proposal the lethal chamber will not be required, and the expenditure on a public building at Arthur seems unnecessary.

Mr. SPENCE: Let us have some information about the building at Kingston.

Mr. CARDIN: The sum of $45,500 is provided for the erection of a machine shop requested by the Deputy Minister of National Defence. He says the machine shop is necessary for making major repairs and overhauling guns and other militia equipment. A plant capable of undertaking and maintaining a repair service for the R.C.A. and other local units should have about 10,000 square feet floor area, and the necessary equipment should be adjacent to the premises in which the guns are stored. The request has come from the Department of National Defence.

Mr. MacNICOL: Does it include the machinery for the repair of the guns?

Mr. CARDIN: No.

Mr. MacNICOL: Why is the term "machine shop" used?

Mr. CARDIN: I understand the Department of National Defence will place their old machines in it.

Mr. MacNICOL: It is just a storehouse.

Mr. CARDIN: Yes.

Mr. GRAYDON: I notice provision made for a public building at Arthur, another at Burlington, and another at Oakville. Can the minister tell the committee what kind of buildings they are. Will they be post office buildings?

Mr. CARDIN: Yes.

Mr. MacNICOL: A lethal chamber at Arthur.

Mr. GRAYDON: They are post office buildings?

Mr. CARDIN: Yes.

Mr. BENNETT: Not a place to store guns?

Mr. CARDIN: No.

Mr. GRAYDON: All three places I mentioned, Arthur, Oakville, and Burlington, are close to the boundaries of the county of Peel. I was wondering if coming events are casting their shadows before, and that we might expect something within the next year or so in the constituency of Peel.

Mr. BENNETT: Philanthropy stops at the county boundary.

Mr. CLARKE (Rosedale): Mr. Chairman, I should like to make an inquiry in connection with the total amount of expenditures in the province of Ontario. It would seem from the vote that Ottawa receives a fairly substantial amount of the expenditures for this province. As a matter of fact, out of a total vote for Ontario of $2,424,000, expenditures in Otttawa will amount to $1,986,000. That leaves for the remainder of Ontario the large sum of $438,000, to be distributed in the different places mentioned, Burlington, and so on, and for the expenditure on the odd revolving door mentioned by the hon. member for Broadview. That is very good! They are taking good care of Toronto!—Toronto which is supplying a great part of the dominion's revenues. I am indeed thankful for the great expenditures and the consideration the government is giving to Toronto! While on my feet may I say that politically I do not think the government is playing the game. Toronto is and has been for many years known as Tory Toronto.

Mr. MacNICOL: And will be so known.

Mr. CLARKE (Rosedale): I will discuss that later. The fact is, as the last election returns show, that the Liberal party scored one hundred per cent in that city in returning Liberal members to parliament, but I warn the government to take care and to pay some attention to Toronto in giving favours, or else it will send back a solid Tory representation.

Mr. MacNICOL: It will do that anyway.

Mr. STEWART: In the item I notice these words: "Ottawa post office—removal and replacement, inclusive of site." Could the minister give some information in connection with that item?

Mr. CARDIN: The item covers the proposal to replace the Ottawa city post office, when the present building is demolished. We have not yet reached any conclusion as to the site or the class of building to be erected to meet the requirements of post office service in Ottawa.

Several proposals have been made, and among others that we develop the Langevin block along Elgin street. There is another suggestion that we erect a separate building elsewhere in the city. The proposal forms part of the general scheme of beautifying the city by the development of the park where the monument is to be placed. Before reaching a decision we wish to consider all representations as to the best way of meeting the exigencies of Ottawa, and at the same time to adopt a plan which will have the effect of beautifying the capital city of our country. The item provides for whatever moneys may be required in connection with the building of a new post office for Ottawa. However, nothing definite has so far been done and I am free to say that I welcome all suggestions hon. members may have to present. This is a matter which is above politics. We have no intention of controlling the whole matter, and are ready to listen to any representations made to us, before reaching a final decision.

Mr. STEWART: I notice an expenditure of $250,000 for a new departmental building in Ottawa. I assume this will be another unit on Wellington street adjacent to the one recently completed, known as the Justice building?

Mr. CARDIN: Yes.

Mr. STEWART: What is the total estimated cost of this unit?

Mr. CARDIN: Between $5,000,000 and $6,000,000. This proposed building is shown in the model layout now located in the building here. I am informed that there is no immediate necessity of erecting this building in its entirety, and we could proceed with the construction of only a part. The whole building in any event could not be completed in the one year.

Mr. STEWART: I assume the site has not been selected?

Mr. CARDIN: No, but it will be part of the general program.

Mr. STEWART: Would the minister explain this item of $260,000 for the Department of Mines and Resources?

Mr. CARDIN: It is to cover the erection of a building and the acquisition of additional property, as requested by the deputy minister of mines. He states that he has discussed with his minister the extension of the Booth street plant and is prepared to ask the Department of Public Works to prepare for consideration by the government a proposal for the appropriation of funds for this purpose. This vote is divided as follows:

[Mr. Cardin.]

Acquisition of lot 134 to the north of the Booth street site, $30,000.

Erection on lot 134 of an industrial minerals laboratory, $135,000.

Erection of an ore dressing laboratory building, $75,000.

Construction of additional storage at the fuel research building, $20,000.

Mr. STEWART: Is any revenue obtained by this department in connection with any of these activities?

Mr. CARDIN: I am not in a position to say.

Mr. STEWART: The next item for records storage building, $489,000, also requires some explanation. This project has been under way for some time.

Mr. CARDIN: This building is under contract.

Mr. STEWART: Where is it being erected?

Mr. CARDIN: On the experimental farm property.

Mr. GLADSTONE: Mr. Chairman, we are about to pass a vote of $2,424,000 after only a few minutes consideration. I am sure hon. members will agree that the present form of presenting estimates for all departments is totally inadequate. They are not presented in such form as to afford due consideration of the justification for and wisdom of the expenditure. While I do not intend to enlarge upon this matter at this time. I think it would be helpful to place on record some comments which appeared in the Sunday Times of London, England, of March 14, 1937. This article appeared on the editorial page:

It is most important that the responsibility of ministers should remain unimpaired; and to give the House of Commons the right to propose new expenditure would open the door to endless abuse and destroy the stability of government, which is the chief advantage of our own system as compared with the French. The cabinet must continue to govern—not parliament. But it would be an immense gain to the efficiency of parliamentary criticism if it were allowed some nearer approach to the problems that are now settled by discussion between the ministers and their departments.

It is one of the paradoxes of parliamentary procedure that its control of estimates should be so perfunctory. There is endless reiteration of debate on how the bill should be defrayed, but the amount of the bill, which is more important, is fixed in the estimates and these may, theoretically, indeed, be rejected or reduced, but in practice cannot be without defeating the government and, if the matter is important enough, risking its resignation and compromising dozens of other interests which the house may have near to its heart.

There will never be effectual control over finance until a finance committee of the commons has some insight into the estimates before they are in shape and can present an independent report on the issues of policy involved.

That would make for sounder criticism, a better appreciation of the points that matter, and a control closer to the events. It would also be a valuable training-ground for able men who now eat their heart out for lack of opportunity. Too much importance is attached to the act of speaking on the floor of the house. The sort of work that most needs doing at Westminster is the deliberation of a board meeting; nor need the extension of this work impair the responsibility of ministers.

Mr. SPENCE: Mr. Chairman, I should like to have some information about the item of $39,500 for a public building at Sioux Lookout. I am utterly opposed to making large expenditures in these small places. Probably $10,000 would purchase a public building adequate to the needs of Sioux Lookout. The construction of these buildings does not provide much labour. A few mechanics are given jobs for a few weeks, and that is all. We should be going on with the construction of something that provides work for thousands of labourers. The erection of many of these public buildings is an absolute waste and I think even the minister will agree with me in that.

We find a considerable amount being voted for Quebec, which no doubt contributes something to the revenue of this country, but I ask hon. members to look at the expenditures for Ontario. It is all to be spent in Ottawa. We realize that Ontario is the milch cow of the dominion, and Toronto the milch cow of the province. The government should be ashamed of the way that city is being treated. We are not asking for public buildings. At one time we thought we should have a large general post office, but we decided that substations would fill the bill. Some of these public buildings that are put up are nothing but a shame and a crime. The government is spending $14,000 or $15,000 to erect public buildings in towns containing only 500 to 1,500 people. I hope the minister will give some consideration to this practice and see that it is not continued in the future. I admit it has been done before but that is no reason why it should be continued.

Also I would suggest that these buildings should be of concrete instead of using expensive steel as they do now. Such a building would be just as strong and durable, and just as easy to keep clean, and it would cost much less than the present type of construction. I should like a little information about the Sioux Lookout building for $39,500.

Mr. CARDIN: In reply to my hon. friend, the fact that $39,500 is provided in the estimates does not preclude the minister when deciding upon the building from authorizing a less expensive structure than the full amount of the estimate would provide. I am not compelled to expend the whole amount that is voted, and I frankly say that to a large extent I agree with the remarks of the hon. member for Parkdale (Mr. Spence). There is no justification for putting up very expensive buildings in small localities where the revenue is not very large. Naturally we need public buildings even in the smaller places, but the building should be in proportion to the population and the revenues that are being derived from customs or post office. The postal revenue for Sioux Lookout for 1934-35 was $11,195; that is a pretty good revenue for that locality.

Mr. SPENCE: Was that the net or gross revenue?

Mr. CARDIN: That is the gross revenue. I repeat, I have much sympathy with the observation that my hon. friend has made, that we should be careful to proportion our expenditures to the importance of the localities and the revenues derived therefrom.

An hon. MEMBER: We are spending far too much on public buildings.

Mr. BARBER: Will the minister explain this vote of a quarter of a million dollars for the improvement of the Plaza?

Mr. CARDIN: This is for the widening of the bridge over the railway tracks in front of the present post office building in Ottawa. The development that has been contemplated for the park where the monument is to be placed will necessitate if the plan is not changed, the widening of the bridge. It covers the larger portion of the railway tracks going south and the development of that section into a park, as it is partly developed at present. That is what we contemplate with the proposed expenditure.

Mr. STEWART: Just one other item, "Parliament building, $70,000." What does that cover?

Mr. CARDIN: This amount is divided into the following: to provide for continuance of the works of carving—as my hon. friend knows, there is a lot more carving to be done in this building before it is completed—

Mr. SPENCE: You ought to forget about it.

Mr. CARDIN: And each year a certain amount has been spent for carving in the building. Other items are: painting iron sash and window frames, repairs to roof and flashing, redecorating halls and rooms, repointing stone work, repairs to marble floors, refinishing library floor—

Mr. STEWART: It is just general repairs?

Mr. CARDIN: Just general repairs, yes.

Mr. STEWART: I thought it might be something in the east block.

Mr. SPENCE: Was there not a large item for the same thing in the estimates last year? Are we never to be through carving stones in this building?

Mr. CARDIN: There was a similar item.

Mr. SPENCE: Just destroying the building, that is what you are doing—wasting money.

Mr. CARDIN: The same amount was voted last year.

Item agreed to.

Public Buildings—Saskatchewan

Eastend—purchase of and alterations to building for postal purposes, $10,500.
Foam Lake—public building, $10,000.
Meadow Lake—public building, $15,000.
Moose Jaw armoury—reconstruction, $75,000.
Regina—new public building, $12,000.
Wadena—public building, $12,000.

Mr. PERLEY (Qu'Appelle): I think this is one time where Saskatchewan and Manitoba, those two banner provinces, have been discriminated against a little. I am rather surprised at this, considering that on the government side there is almost a solid bloc from those provinces. In my opinion $134,000 is a very small amount to spend on public buildings in Saskatchewan, when Quebec is being granted over a million dollars, Ontario over two million dollars and the city of Ottawa over a million and three quarter dollars.

Mr. SPENCE: And all that is taken out of Ontario.

Mr. PERLEY (Qu'Appelle): There are also the other expenditures on public works of the nature of improvements to harbours and rivers and so on. Saskatchewan and Manitoba are not faring very well. However, would the minister give us some information with respect to the purchase of a building for the postal service at Eastend? What is the character of the building they are purchasing there?

Mr. CARDIN: It is the Royal bank building.

Mr. PERLEY (Qu'Appelle): What amount is to be spent for improvements and alterations of the building?

Mr. CARDIN: For the building and land the provision is $6,500; for fittings $3,500; for general repairs $300; and contingencies $200. As regards the complaint made by the hon. member, I noticed, for my sight is good, that he was smiling when he made the comparison between the small amounts that are being granted to the western provinces and the large amounts allocated to Ontario and Quebec. Of course, if he runs through the list of all expenditures made by the government he may find that a balance is pretty well established as between the provinces.

Mr. PERLEY (Qu'Appelle): It is not often that out in Saskatchewan we have the chance to smile over anything. I assume that the buildings at Foam Lake, Meadow Lake and Wadena are for post offices, are they not?

Mr. CARDIN: Yes.

Mr. PERLEY (Qu'Appelle): I assume also that the item for Moose Jaw is for the repairing of the building that was burnt.

Mr. CARDIN: Yes.

Mr. PERLEY (Qu'Appelle): Rebuilding and repairing. Was there any provisional estimate made of the amount that would be required, or was the estimate $75,000? What is the contract price?

Mr. CARDIN: The amount we are providing is supposed to be what is required to make the repairs to the building.

Mr. PERLEY (Qu'Appelle): Has any contract been let?

Mr. MACKENZIE (Vancouver): May I inform the hon. member that the contract price was $105,973, and the expenditure since construction began is $37,674.

Mr. COLDWELL: I should like to support the hon. member for Qu'Appelle (Mr. Perley) in his criticism. I have noticed that in the last several years the western provinces have not received very much for rural improvements. Of course, they have received considerable assistance for rural relief. I well remember that when the minister introduced his main estimates in January he made the statement—I think I remember his words—that there was something very dear to his heart, and that was that he thought that along with the back-to-the-land movement we should endeavour to do something for rural communities. Now in western Canada there are a number of good towns. I might say—and other members represent localities with the same sort of towns—that in my own constituency we have two larger towns, Rosetown and Biggar. Rosetown particularly is situate in one of the best agricultural areas of the province and Biggar is an important railroad point. In years gone by these places have been overlooked.

I am glad to see that some buildings are going into three or four places in the rural areas of Saskatchewan, but I do think the minister is right when he says that the people who beautify such towns are entitled to some

consideration in the way of public buildings. I raised the question generally on the main estimates. I was hoping that when the supplementaries came down, even if I did not see anything for the places I had mentioned specifically, at least there would be a larger provision for public buildings that are necessary in some of the well established areas in the western provinces. I am somewhat disappointed. I support what the hon. member for Qu'Appelle has said in that regard.

On a former occasion I pointed out that owing to the way in which we were paying for some of these buildings—armouries, for example—it might prejudice the situation, and the minister's remark that on the whole the western provinces were receiving some consideration would seem to imply that after all there is something in the feeling I had then, namely, that the payment for a building like the Regina armouries, spread over twenty years and requiring an appropriation of $30,000 a year, does prejudice smaller places. I should like to see such public buildings as the Regina armouries removed from public works and placed under militia, so that the amount may not prejudice other desirable estimates for western rural undertakings. We may not be getting much this year, but I hope that another year the minister will remember the communities that are near his heart—and there are a number of them in western Canada.

Mr. SPENCE: When the member for Qu'Appelle was speaking about the small sum spent in Saskatchewan I made no complaint about the expenditure in Ontario. As a matter of fact, only $434,000 is going to Ontario, so that all the money is not being spent in that province.

Item agreed to.

Public Buildings—Alberta

Calgary barracks—guard room, meter building and airplane hangar, $140,000.
Cardston—public building, $42,000.
Fort McMurray public building—addition, $2,500.
Innisfree—purchase of building for postal purposes, $3,000.
St. Paul—public building, $12,000.

Mr. FAIR: Will the minister give us the break-down of the $140,000 for Calgary city?

Mr. CARDIN: To complete the contract for the hangar, $123,698; roadways and grading $3,000; supervision, $3,000; contingencies, $10,202;

Mr. FAIR: Has the building at Innisfree been purchased?

Mr. CARDIN: The $3,000 is for the purchase of a building for postal purposes in the town of Innisfree, Alberta. The building is of brick construction, built about ten years ago, and has a frontage of 30 feet on First street and 26 feet on First street west. It is equipped with hot air furnace, fireproof roof and concrete vault.

Mr. FAIR: From whom has it been purchased?

Mr. CARDIN: I do not know at the moment but I will get that information.

Mr. FAIR: There is an old saying that an Irishman is allowed to speak twice, and believing that saying I think the hon. member for Parkdale (Mr. Spence) ought to speak again, in justice to eastern and western Canada. I suggest that instead of comparing the central provinces, including the city of Toronto, to a milch cow, he should reverse the simile and make the eastern and western provinces the cow and the central provinces the calf; because, looking at these estimates, I think that is about the size of it. The sort of milk cow the hon. gentleman has in mind is represented by the maritimes and the west, and where the milkers are not farmers they are getting all the cream.

Item agreed to.

Public Buildings—British Columbia

Creston—public building, $25,500.
Esquimalt—H.M.C. dockyard office building, $37,000.
New Westminster public building—addition, $100,000.
Vancouver examining warehouse—alterations, improvements and repairs, $17,000.
Vancouver—public building, $125,000.
Vancouver, winch building—alterations, improvements and repairs, $9,500.
Victoria public building—restoration, $46,000.

Mr. GREEN: Which is the building referred to as the Vancouver public building?

Mr. CARDIN: That is the new building under construction designed as a federal building.

Mr. GREEN: It is to be known as the federal building.

Mr. CARDIN: Yes.

Mr. TOLMIE: What is the condition of the dockyard office building at Esquimalt?

Mr. CARDIN: The amount provided contemplates the erection of a new office building to replace the existing structure, which is antiquated and beyond repair. This is a request from the Department of National Defence.

Mr. TOLMIE: Is the item "Victoria Public Building—restoration" to replace the post office that was destroyed?

Mr. CARDIN: Yes.

Mr. TOLMIE: Has work been started on it yet?

Mr. CARDIN: No.

Mr. TOLMIE: When will it begin?

Mr. CARDIN: We are now preparing plans.

Mr. NEILL: Last year and the year before a requisition was put in for a small public building at Tofino. I did not press the matter then because I knew the finances of the country would not stand it, but now my attention is called to the vote before us and I find that there are five buildings in British Columbia that are to be placed in districts represented by members of the opposition. That is all to the credit of the government, but I notice that some of the members concerned have asked where these buildings are and what purpose they are to serve, so that it does not look as if the need is outstanding. I notice also that the totals for these five buildings is $216,500, or 35 per cent of the vote. The total vote for British Columbia is $678,000, practically three-quarters of a million. Does not the minister think that out of that large vote, and in the circumstances I have indicated, there may be some hope of getting the building I have asked for at Tofino, when the final supplementary estimates are brought down?

Mr. CARDIN: I must admit that my hon. friend has been pressing for a public building at that point, but so far I have not been able to convince myself that we should go on with it. Possibly I have not all the information but I am prepared to look into the matter and give it my best consideration.

Mr. BARBER: There is an item here "New Westminster public building—addition." New Westminster is a very important port in our province, and I was in hopes that instead of an addition we would have a new building. Is it the intention to repair the old building to the extent of $100,000, or to construct a new one?

Mr. CARDIN: It is to build an addition to the building they already have. It is proposed to erect a one-storey addition, 130 by 65 feet on Clarkson street, and 50 by 22 feet on Columbia street.

Mr. BARBER: Is that for postal purposes?

Mr. CARDIN: Yes.

Item agreed to.

Harbours and Rivers—Nova Scotia

Annapolis Royal—dredging, $7,800.
Apple Tree Cove (Cherry Hill)—wharf and skidway, $4,200.
Arichat—wharf repairs, $12,000.
Arisaig—breakwater extension, $8,300.
Bay St. Lawrence—extension to breakwater and retaining wall, $8,500.
Brooklyn—breakwater repairs and improvements, $75,000.
Burkey's Cove—breakwater extension, $3,300.
Cape St. Mary's—breakwater reconstruction, $13,500.
Carr's Brook—wharf extension, $5,900.
Cow Bay (Port Morien)—breakwater extension, $6,000.
Digby—harbour improvements, $25,000.
Fourchu—dredging, $25,000.
Friar's Head—breakwater extension, $4,000.
Glace Bay—dredging, $12,000.
Hillside (Green's Point)—wharf, $4,200.
Little Cove—breakwater and skidway, $4,800.
Little Judique Ponds—extension to protection work, $13,200.
Lockeport—breakwaters, $51,900.
Louis Head—breakwater, $4,200.
Lower Woods Harbour—wharf extension, $3,500.
Lunenburg—dredging, $14,800.
Main a Dieu—dredging, $15,000.
Merigomish—wharf repairs, $2,500.
Middle Point Cove—breakwater, $3,200.
Neil's Harbour—breakwater repairs, extension and dredging, $27,000.
Noel—wharf extension, $7,000.
Paul's Point—protection work, $3,400.
Pictou Landing—breakwater, $4,900.
Pictou Landing—wharf improvements, $31,500.
Port Hood—closing northern entrance, $40,000.
St. Mary's River—dredging, $50,000.
Seal Island—breakwater, $11,000.
Skinner's Cove—partial reconstruction of pier, $11,000.
South Ingonish—dredging, $17,000.
South Side (Donald's Head)—breakwater replacement, $22,500.
Sydney—wharf extension and warehouse, $74,000.
Terrance Bay—wharf extension, $12,000.
Turpentine Island—to purchase and extend wharf, $3,600.
Upper Port Latour—wharf repairs, $5,000.
Wedgepoint—wharf, $3,500.
Westport (South)—breakwater, $17,000.
Willow Cove—breakwater extension and repairs, $5,000.
Yarmouth harbour—dredging, $60,000.

Mr. BAKER: Does the minister think that we really get fair value, or any fair percentage of value, for this expenditure of $733,000?

Mr. CARDIN: I guess we get fair value from that, not in the form of cash revenue to the customs or post office, but by helping to develop the facilities in all these places in the maritime provinces, and in Nova Scotia particularly, we help the trade of our country. To-day we are practically all in favour of the new plan for the improvement of houses by individuals; we induce home owners to make repairs and betterments, by guaranteeing a certain part of what they borrow from the bank—

Mr. BAKER: That has nothing to do with this.

Mr. CARDIN: —with a view to providing employment, and by developing harbours and rivers and all facilities for trade, the country is doing practically the same thing. It provides employment for the people residing in these localities, and gives them opportunity to develop.

Mr. BAKER: Does the minister really think, in connection with the item of $60,000 for dredging Yarmouth harbour, that we get $60,000 worth of work there?

Mr. CARDIN: The tourist service there is very great.

Mr. BENNETT: That is not what was asked.

Mr. KINLEY: More people come into Yarmouth than any other port in Canada!

Some hon. MEMBERS: Oh, oh.

Mr. WALSH: I notice that in the special supplementary estimates last year this amount read $275,300. This year it is $733,200. In the regular estimates the amounts are almost the same, so we can disregard them. Can the minister give any reason for such a radical increase in the amount to be expended in that province this year?

Mr. CARDIN: I think the figures given by my hon. friend are not correct. The amount we are providing this year is about the same as that provided last year for Nova Scotia. It is even a little less than last year.

Mr. WALSH: I have in my hand the special supplementary estimates for the fiscal year ending March 31, 1937, and I find in it, harbours and rivers, Nova Scotia, $275,300. This year the amount is $733,200.

Mr. CARDIN: I have not before me last year's estimates but I remember very well when the estimates were presented to me I observed that the amount was practically the same as that provided last year. It may be we had less last year in the supplementary estimates, but the amount in the main estimates was larger. Taking the two together I think the amount we propose to spend this year in Nova Scotia is about the same, or a little less than the amount spent last year.

Mr. WALSH: I have the main estimates here also, and the amount in the main estimates looked to me to be very much the same. I may be confusing the items. The point I want to make is this: is there any connection between this tremendous increase this year and the prospective provincial election in Nova Scotia?

Some hon. MEMBERS: Oh, oh.

The CHAIRMAN: Is the item carried?

Mr. WALSH: No, Mr. Chairman. I ask this question seriously. I do not object to this expenditure in Nova Scotia, particularly when my own constituency gets nothing, although as the minister himself knows it deserves consideration; but due to the peculiar report of a subordinate officer in the Post Office Department at Montreal we get nothing. I do not object to Nova Scotia getting this increased grant if it is warranted, but the question is: Is it warranted under the circumstances, when the government could not afford to spend in my constituency an amount of thirty or forty thousand dollars, yet could so radically increase the amount to be spent in Nova Scotia? To me it looks a little suspicious.

An hon. MEMBER: That shows a suspicious nature.

Mr. WALSH: Being of a suspicious frame of mind I draw it to the attention of the minister to see whether there is any foundation for the suspicion.

Mr. CARDIN: I think my hon. friend is not fair to himself when he says he is of a suspicious mind; I know him better than that. I say sincerely that there is no connection at all between these estimates and the possibility of a provincial election in Nova Scotia, and the proof of it is what I said a moment ago, that the amount is not larger this year than last year. That is a complete answer to the argument of my hon. friend.

Mr. SPENCE: We have been spending money on breakwaters in and around Nova Scotia for the last fifteen or twenty years, and every year there seem to be the same items. Do these breakwaters all fall down each year? We must have built enough breakwaters there to cover the whole shore line. I have said before and I still think that we are building breakwaters at summer resorts and private homes. For instance, you have an item of $25,000 for harbour improvements at Digby, and there is no harbour there. One boat runs from Saint John every other day; that is probably all. There is $75,000 for a breakwater at Brooklyn; what kind of a place is Brooklyn?

Mr. KINLEY: The only public works in my county since I have represented it are those in operation at the time of the last federal election; ever since they have been finishing them up. As to Brooklyn, it is near Liverpool in Queens county, where the only paper mill in Nova Scotia is situated. I never heard that they were friends of mine, but they get the biggest item in the whole

county, $75,000, to repair the breakwater, which was carried away by a storm. It had to be repaired because there is a fleet of steamers running from there carrying paper to New York, and it was absolutely necessary. I am in favour of it; I think it is eminently in the public interest.

Item agreed to.

Prince Edward Island
Basin Head—boat harbour, $31,000.
Southport—wharf repairs, $4,000.
Victoria—wharf repairs, $2,300.
Wood Islands—harbour, $200,000.

Mr. STEWART: Could we have some particulars with regard to this item of $200,000 for a harbour at Wood Islands?

Mr. CARDIN: This amount of $200,000 is to be devoted to the cost of creating a boat harbour at Wood Islands, Prince Edward Island, to permit the operation of a ferry service between this place and a point in Nova Scotia. This harbour would also serve as a place of refuge for some seventy fishing boats. I am informed that a resolution has been passed by the provincial legislature requesting this expenditure.

Mr. STEWART: Could the minister say where it is located?

Mr. CARDIN: My information is that the present ferry service at Borden, at the west end of the island, provides the only entrance to and exit from the island, and that in the eastern portion they have to contend with inadequate transportation facilities for the marketing of their products in Nova Scotia. The distance is practically doubled, with a corresponding increase in railroad rates. The value of the traffic to be served by the proposed development is estimated at $200,000 annually, consisting of exports of live stock and farm produce, totalling $110,000 and imports of coal and general merchandise, $90,000. Wood Islands is situated at the southernmost point of Queens county on the Northumberland straits coast of Prince Edward Island. The establishment of this ferry service will enable the government to dispense with the subsidies now given in connection with the steamship service on the Charlottetown-Pictou route, amounting to $30,000, and also the service between Sydney and Bras d'Or lake ports on the west coast of Cape Breton, amounting to $22,500.

Mr. BENNETT: Who will supply the ferry for the new harbour?

Mr. CARDIN Probably it will be a private enterprise. We are preparing the harbour.

[Mr. Kinley.]

Mr. BENNETT: Does the minister mean to say there is a possibility of that being done and the subsidies being dispensed with, down in the maritime provinces?

Mr. CARDIN: That has been represented to me.

Mr. BENNETT: There is a $30,000 subsidy now in connection with the service between Charlottetown and Pictou, and a subsidy of $22,500 for the service from Cape Breton to Prince Edward Island. Now we are to build a $200,000 harbour where there was no harbour before, and establish a ferry service, and the minister says there will be no subsidy. Will they ask the railway to build the ferry? This seems to be the beginning of an expenditure that may run to half a million dollars. All who have been there know that Prince Edward Island has a great many harbours and a population of about eighty thousand. Now we are going to start a new harbour that will involve annual expenditures but will do away with the necessity of spending money on the Pictou route and the Cape Breton island route. I suppose they will call this new harbour Cardin, and on the Nova Scotia side I suppose the port will be called Hope's Desire. I should like to know how this ferry is going to be maintained.

Mr. SINCLAIR: I should like to say a word in regard to this Wood Islands ferry. The right hon. leader of the opposition has spoken about it, but when he made his tour in the last election he forgot Prince Edward Island entirely.

Mr. BENNETT: Well, we put the present ferry there and put through a road to Charlottetown.

Mr. SINCLAIR: We are establishing a national park on the island this year, something that was not thought of by the previous government, and we felt that the ferry at Wood Islands would take care of the congestion of freight at Borden. There is one thing I should like to bring out in this connection. At the time of confederation we were promised continuous communication with the mainland, but to-day a person wishing to leave the island with a truck-load of produce is unable to do so. This Wood Islands ferry would give us communication with the mainland, particularly with the mining districts of Nova Scotia, where we could ship our produce.

Mr. BENNETT: Who is to maintain the ferry?

Mr. SINCLAIR: Well, it is going to be a private enterprise. We are going to subsidize it, and private enterprise will run the ferry.

Mr. BAKER: May I ask what is the population of Wood Islands?

Mr. SINCLAIR: Wood Islands is only a rural community.

Mr. BAKER: What is its population that it is to be accommodated at this tremendous expenditure?

Mr. SINCLAIR: It is the entire eastern end of the province.

Mr. BAKER: But the population of the whole island is only eighty thousand.

Mr. SINCLAIR: Yes, but they are real people, you know. Section 10 of the imperial order in council under the British North America Act stated that we should have an efficient steam service for the conveyance of mails and passengers between the island and the mainland winter and summer, thus placing the island in continuous communication with the railway system of the dominion. That has been carried out to a certain extent, but I wish to direct the attention of the committee to section 12, which says:

> And such other changes as may be incident to, and connected with, the services by which the British North America Act, 1867, appertain to the general government, and as are or may be allowed to the other provinces.

We have not the privileges that have been given to the other provinces, where you can go from one border to the other without difficulty. If we want to take a truckload of produce from Prince Edward Island, we have to load the truck on a flat car, and it costs $12 or $14 to take it across. This new ferry will give us direct communication with our trucks. The car ferry has not the capacity to take them. That is what we are looking for to-day, and that is why we want this ferry between Wood Islands and the mainland.

Mr. BENNETT: How many miles across would it be?

Mr. SINCLAIR: Fourteen miles.

Mr. MacNICOL: This vote has to do with Wood Islands harbour, and that is what we want some information about.

Mr. SINCLAIR: Wood Islands is the eastern end of the province.

Mr. MacNICOL: The whole eastern end of it?

Mr. SINCLAIR: It takes in the whole eastern half of it.

Mr. MacNICOL: It is out in the ocean somewhere?

Mr. SINCLAIR: No, it is not; it is the eastern end of the province. People in the maritimes go down to Sackville, turn off and go down to Tormentine and to the Cape Breton national park. Then they take a run through the Annapolis valley, and that is the only way we can establish any tourist traffic in Prince Edward Island. We have been voting millions of dollars for the west and other places; now we are looking for something for Prince Edward Island, and this is what we want. If this is established in Prince Edward Island we will have something which will bring tourist traffic. That is what we want to see.

Mr. BENNETT: Would the hon. member be good enough to tell us from what part on the mainland the ferry will run?

Mr. SINCLAIR: From Wood Islands to Pictou Island.

Mr. BENNETT: That is fourteen miles.

Mr. SINCLAIR: Yes.

Mr. BENNETT: The hon. member says the ferry is to be operated by private enterprise. What is the cost of it?

Mr. SINCLAIR: I do not know the cost of it; it is a private enterprise. But we are going to build it here, and—

Mr. BENNETT: I have frequently been in Pictou harbour, but the point is that the ferry must cost a large sum of money, because on the ferry we have now, running from Borden, we spent something in the vicinity of a million dollars or more. Then we had to provide that the old ferry be repaired so that there would be continuous operation of the new one. This ferry, which will carry trucks and passenger cars cannot be built for less than a million dollars, if it is to run in the winter. I do not know whether or not it is to run in the winter.

Mr. SINCLAIR: No, just in the summer months.

Mr. BENNETT: Then it will be an inexpensive ferry costing perhaps $100,000 or $150,000. The hon. member said the landing place was Pictou Island. I would point out that Pictou Island is not on the mainland, so there would have to be a ferry from the east coast of Prince Edward Island to Pictou Island. Now, how are you going to get from Pictou Island to the mainland?

Mr. SINCLAIR: I may have made a mistake there; it is Pictou landing.

Mr. BENNETT: Oh yes, that is different; it is on the mainland. The hon. member said something about a subsidy to maintain the ferry; what does he mean by that?

Mr. SINCLAIR: I would like to inform the leader of the opposition that the idea is that, instead of a boat running from Pictou to Charlottetown, as at present, it will run from Pictou to Wood Islands and so far as I know, the subsidy will be given to this boat.

Mr. BENNETT: Now at last we have the story, because a few minutes ago the Minister of Public Works said we would escape payment of the subsidy on the line from Charlottetown to Pictou. But the member is frank about it, and says "We propose to exchange that subsidy and put it on the line from Wood Islands to Pictou landing." That amounts to $30,000 a year. As a matter of fact, it is one of the things which engaged the attention of the late government. The contract was made under circumstances which we will not discuss to-night, but there is no more justification for $30,000 a year to run from Pictou to Charlottetown than there is for a fifth wheel on a coach. The sum was out of all proportion to the service rendered.

Now we get the whole story. I point out to the minister that this is the beginning of a project which ultimately will cost hundreds of thousands of dollars. It is the beginning of another enterprise to establish another ferry between Prince Edward Island and Nova Scotia, not New Brunswick. At the present time the ferry which traverses the narrow sea from Borden to Charlottetown serves the wants of that community, and there is a provision whereby the old ferry is maintained in condition, so that there will be constant communication. Now the member is frank about it. They have in the summer time communication by the old vessel Hochelaga, which is owned by a firm in Montreal. They bought her for a reasonable sum to carry out the contract for a number of years, with a subsidy sufficient to pay for her a little more than once, and in the meantime she operates in the dear old summer time between Charlottetown and Pictou. Now that is to be discontinued, and we are going to have a ferry which will run the fourteen miles between Pictou and Wood Islands, and the subsidy heretofore paid, amounting to $30,000 a year, is being relied upon for this operation. The sum of $30,000 is the capitalized value of $750,000 at four per cent; that is all that means. And with the cost of $200,000 to put in these piers at Wood Islands, without any explanation given by the minister as to why it should be done, and without any detail being furnished as to this new enterprise, we are now embarking upon it regardless of what the ultimate cost will be.

Undoubtedly, on the story which we now have by the member, we are embarking on a new enterprise to establish a new line of communication between Prince Edward Island and Nova Scotia,—not New Brunswick, as at present—to meet the line of railway. The next demand will be to increase the wharfage and facilities at Pictou. We did repair them once before, when they were not good enough for the Hochelaga. Those who have been at Pictou harbour know that it has great historical background. It has magnificent history, but it has very little industrial wealth, and the wharves have now fallen more or less into a state of disrepair. The next thing will be to repair the wharves for the new ferry, and then increase the subsidy, and altogether we will have established a new claim upon the public treasury, without any explanation having been given when we started it. After it starts, we know perfectly well that the reason given hereafter will be: Well, it must be finished. That is the case in connection with a dozen of these items—it must be finished.

I think it my duty to point out that this contemplates an expenditure which certainly will involve this country in an outlay of many hundreds of thousands of dollars. The total population of the island is 80,000, and nearly half of it lives in the city. Therefore the entire rural population, producing new wealth, is limited to about 40,000 people. That is the story. I should like to have the minister's explanation of it.

Mr. SINCLAIR: I am glad the leader of the opposition has got up and told us about the sympathy he has for Prince Edward Island. But I want to tell him that there is one thing we are glad of, and that is the tourist traffic. While the leader of the opposition may not think Prince Edward Island is on the map at all, we are looking for tourist traffic down there this year in connection with the national park. We have a ferry running from Borden to Tormentine which cannot carry all the traffic. Last year on occasions there were from twenty-eight to thirty cars left on the island, which could not go across to the mainland because of the congested traffic. This other service will be the means of getting away from that difficulty. As I said before, they are going around to the Cape Breton national park.

Some people down on the island were asking for a new car ferry at Borden, but this will do away with the necessity for that ferry. However, I am glad that the leader of the opposition has put himself on record to-night against having any interest in Prince Edward Island.

Mr. BENNETT: Now, Mr. Chairman, that is the sort of cheap politics which meets any criticism made on a fair basis with respect to a public expenditure. The hon. member for Wellington South (Mr. Gladstone) directed attention to a matter which has had the consideration of this house on more than one occasion, namely, the question of pork barrel estimates. The hon. member for Queens (Mr. Sinclair) says I do not know where Prince Edward Island is. Well, the late administration provided a highway from Borden to Charlottetown. It also made provision for a road to reach the sea. It made large expenditures on highways on the island, because the soil is very rich and they have no stone or gravel with which to build roads. They received extensive assistance for that purpose.

My colleague directs my attention to the fact that there is an expenditure of about $36,000 to be made at Pictou landing. There is your next start. Just look at the sequence of events. This matter, if properly considered by the committee, would at least involve some thought as to what the ultimate end will be. There is (1) $200,000 for Wood Islands; that is the start, an expenditure for the piers; then there is (2) a ferry, which is to be subsidized to the extent of at least $30,000 per year; (3) repairs totalling about $36,000 to the wharf at Pictou landing—and I do not know what number 4 will be. Because I direct attention to it I am said to be the enemy of Prince Edward Island.

That province has a population of 80,000 people, and it was represented in this parliament by eight members. That action was taken in days gone by; their representation in the House of Commons could not be less than that in the Senate. When they came into confederation they were given four representatives in the Senate, two being taken away from New Brunswick and two from Nova Scotia. Under these circumstances it ill becomes the hon. member to say that when one draws attention to certain facts he is an enemy of the province.

That is exactly the trouble with our democracy in Canada at the present time. That is what is cursing this country. Let me tell the committee what they did in Australia when they discovered that a similar condition existed. Any estimates over a certain amount cannot be expended until a committee investigates the necessity for the expenditure. The committee hears the evidence of engineers and other people affected, and then makes a report.

Mr. NEILL: A committee of the house?

Mr. BENNETT: Yes, of all the parties. The secretary of that committee happens to be a gentleman who has been attached to the prime minister's office since the days of the first prime minister, Mr. Barton. I had the privilege of having him with me for a period of six weeks, and I learned a great deal of the conditions under which they operate government. I was struck with this fact. Due to the depression, all capital expenditures were suspended and the committee did not meet, but while I was there they were discussing whether or not it should not be set up again.

I have asked the minister, but what has he told me as to whether or not he is warranted in pledging the credit of this country for thousands of dollars in connection with expenditures on Wood Islands harbour? The minister says that the subsidy is to be abandoned, but the member says they are relying upon getting this money. I am not unmindful of what will be said everywhere, that Bennett is the enemy of Prince Edward Island.

An hon. MEMBER: Hear, hear.

Mr. BENNETT: An hon. member says "hear, hear," which shows the national outlook he has upon a question of fact. Can we afford it? We have been denied the right to spend money in many places where it is needed badly; we have been told we cannot afford it; yet we are starting here with a quarter of a million dollars and not knowing where it is going to end. A total of $200,000 is asked for this harbour, and $36,000 is being asked for Pictou Landing. As the minister says, this is the first appropriation. The hon. member tells us that this is for the piers. I say quite frankly that we have no intelligent appreciation of the necessity for these expenditures.

I wonder if the hon. member took the trouble to look at the figures to see what it is liable to cost us to manage this ferry? We lost over $300,000 in operating the other ferry. The prices for handling traffic were reduced during the time of the previous government, so that it would be less costly to carry automobiles across and there were heavy expenditures to construct a road up to Charlottetown. The people of Prince Edward Island insisted that we separate the ferry from the railway in order that they might have a clear understanding of the situation. So they were separated, and any losses are now borne by the people of Canada as a whole.

Mr. SINCLAIR: Should that not be?

Mr. BENNETT: I am only pointing out the facts. I am not complaining, as we yielded to the requests which the province made. The hon. member has stated that he has been successful in inducing the government to make these present and future expenditures,

but because I dare to suggest that the matter might be considered, he says that I am the enemy of the people of Prince Edward Island.

Mr. BOULANGER: He did not say that.

Mr. BENNETT: That is what he said. There is the record of what has been done during the last seven years, not by one government but by successive governments. If the minister had had a clear appreciation of what is involved in this, I am sure he would not have done it. I have crossed to Charlottetown, Prince Edward Island, on the Hochelaga on more than one occasion. I know the situation. That vessel carries very little traffic, and a fourteen mile ferry is a long ferry.

Mr. SINCLAIR: It is in a different section of the province.

Mr. BENNETT: It is at the eastern end. In my judgment a fourteen mile ferry will require a better boat and better facilities if it is going to carry loaded trucks in any number.

I mention these things not in any sense of hostility, but because I believe they should be mentioned in fairness to everyone who desires to understand the situation This is something that touches the very life of the country. This is one of the difficulties with which we are faced at the present moment. I am not saying for one moment that one government is any different from another; I only say that this is one of the troubles of our institution at the present time.

The hon. member talks about the extent to which Prince Edward Island is used as a tourist resort. The present ferry involved the building of complete terminals at Borden and the construction of a hard-surfaced road to Charlottetown. We have a large investment in the hotel at Charlottetown, upon which we lost a lot of money last year. That is what was done in order that the people might be able to get their traffic to the sea. These people were producers of new wealth agriculturally, but the total population at the present time on the farms of Prince Edward Island is less than 65,000.

Mr. DUPUIS: They deserve to be considered.

Mr. BENNETT: Surely the hon. member does not mean that seriously. They are not only being considered; they are being provided with every facility. What I am saying is that when we ask questions in order to ascertain why the country should be involved in future expenditures, we are charged with a lack of consideration for the people of this province. We know of many people in this country who have to do without the things they would like to have. Prince Edward Island is fairly well to do. In my judgment it is one of the best areas in this country in point of material wealth and in having those things that go to make people happy. It is true it is an island—and I suppose the previous government is responsible for that? It is true that the distance across the Northumberland straits is fairly long—and I suppose the late government is to blame for that?

I have stated the practice in Australia and what would be done there in a case similar to this. I know that in many cases, although provision had been made in the estimates for certain works, they declined to proceed with them after the committee had visited the spot and heard the evidence of engineers and others, on the ground that the expenditure could not be justified under the conditions existing or as being necessary for the peace, happiness and prosperity of the people. There are many things the people in the west would like to have; there are many things the people in the east would like to have; but we cannot have everything.

I suggest that the minister has given no adequate explanation why we should embark on this enterprise at this time, especially in view of the fresh knowledge we have obtained. There is a variance between himself and the hon. member representing that district as to how this thing is to be carried on. The Hochelaga is to lose its subsidy, and that news will be received with glee. That subsidy is to be transferred to this new private enterprise, the details of which we do not know as yet. However, I have no doubt in due season we will know if we faint not.

Mr. CARDIN: Mr. Chairman, I hope the right hon. leader of the opposition does not think I attributed any motives to him because of the observations he made. It is not very often a Minister of Public Works is placed in the position in which I find myself in connection with this item. It is not very often, when proposing an expenditure in the house, that one can support the item with a resolution of the government of the province where the expenditure is to be made.

Mr. BENNETT: Does the minister know of any time that he could not?

Mr. CARDIN: In the present case we have representations by the legislature of Prince Edward Island. I have under my hand a long resolution which very strongly requests the federal government to undertake that expenditure, and establishes, at least from their point of view, that it would be very beneficial.

Mr. BENNETT: Are they contributing?

Mr. CARDIN: No. But there are many undertakings all over Canada to which provincial governments do not contribute, although the importance of the expenditure is very strongly pressed upon us.

Mr. BENNETT: Oh yes.

Mr. CARDIN: In this case, as I have pointed out, the legislature has passed a strong resolution requesting that the expenditure be made.

Mr. HEAPS: Has the Department of Public Works undertaken an investigation of the subject-matter of this proposed expenditure?

Mr. CARDIN: Yes, we have a report from the engineers as to the cost.

Mr. HEAPS: Not the cost—the necessity.

Mr. CARDIN: As to the necessity, we have been largely governed by the representations made to the government by the legis-'ature of Prince Edward Island.

Mr. BROOKS: Any province would urge that.

Mr. CARDIN: We have investigated the cost of the proposal, and according to information supplied to me by the departmental engineers, it will cost $240,000 to establish the harbour at Wood Islands. I think we should give some consideration to representations based on the fact that this ferry will help very materially tourist traffic; it is going to be more convenient to reach the park, and a larger number of tourists is expected on account of the better facilities that will be provided by the new ferry. Besides, I do not think anybody can successfully deny that at the present time the farmers of the island are poorly provided with facilities to sell their produce on the mainland. The present ferry is far from being adequate; it costs them more than it should cost, and there is a long delay, so that most of them cannot advantageously visit the mainland to dispose of their products. But with this new ferry, according to representations received by the department, there will be much better facilities for the farmers of Prince Edward Island to dispose by means of their own trucks, of their produce on the mainland. In my opinion we are justified in asking parliament to vote this expenditure to meet the request made by the provincial legislature, based on these two particular considerations, namely, helping to develop a greater tourist traffic on the island, and giving greater facilities to its farmers to dispose of their products over in Nova Scotia.

Mr. MacNICOL: Would the minister tell us the tonnage of the boat that will serve as the ferry?

Mr. CARDIN: That has not been considered yet. All we have been asked for is to provide a place where the boat can dock. In this estimate we are not providing for the boat itself.

Mr. BROOKS: Do that later!

Mr. CARDIN: We are only providing a landing place for the boat. I can assure the house that the expenditure will not be undertaken unless the province or a private company undertakes seriously to establish a ferry which will be satisfactory and will meet the requirements. It is not our intention to spend this amount of money on building a wharf or landing place for a ferry without communicating with the provincial government and ascertaining that a ferry is going to be established, and that there will be a guarantee that the service will be continued for a number of years at least.

Mr. STIRLING: Supposing the legislature sends to the minister a resolution?

Mr. CARDIN: I am not bound to accept the resolution.

Mr. SPENCE: I had the pleasure of being in Charlottetown last fall at a dominion good roads convention, and I met a number of the important people of the island at the hotel.

An hon. MEMBER: Were they all there?

Mr. SPENCE: Pretty nearly all were there; there are not so many on the island. I do not know why people make so much of a place like Prince Edward Island, although it is lovely and the people very hospitable—never in my life did I meet better. But let it be understood, contrary to what my hon. friend has said, that the people did not expect to receive this service; they only hoped they might get it. I know this because I discussed it with many of them. Naturally, like the inhabitants of every other small place, they are out for everything they can get. It has been said that my honoured leader was unpopular in the island, but nothing has been said about their appreciation of what he has done. I met the most important people who were there—

An hon. MEMBER: Naturally.

Mr. SPENCE: —and we had a good time too; everybody was delighted with the fine road that was constructed while my leader was in power from Borden to Charlottetown, and from there to the sea. I can hardly believe the statement as to the number of

wagons that could not get on that ferry, because I got a lot of information about good roads, and road building, and traffic, and I understood there were very few wagons or trucks that could not get on that ferry to return to Tormentine from Borden.

As to improving tourist traffic on the island, I hope they are able to do so, because it is a lovely spot and the people are fine people; and many of them were very disappointed at the ingratitude the island showed to the Conservative party at the last election.

The ferry from Tormentine to Borden covers a long distance and it is difficult and most expensive to keep it operating in the wintertime. I think Prince Edward Island has been treated very well by the dominion, and I doubt very much if this proposed expenditure is wise; in fact, my own view is that once you have built a landing place for this ferry, they will come back next year and ask for the ferry itself. So I advise the minister to be careful and not start it.

Mr. HEAPS: Before this item carries I should like to say a word or two, because a year or two ago when I discussed in committee the extent of the deficit on the ferry, I was dubbed reactionary by certain hon. members from Prince Edward Island; yet all I had done was to seek a little information. Anybody who asks any question about expenditures in Prince Edward Island is looked upon as an enemy of the island, although I am just as much interested in helping the people of that province as I am in the well-being of any part of Canada. At the same time there is no minister, present or past, of public works who can say that at any time I ever requested one cent of public expenditure for any sort of public works in this country. I do not believe in that kind of politics, nor do I go around looking for a little patronage for my own constituency. When public works are to be carried out, I want them to be only such as are necessary and to the public advantage, not primarily for political purposes.

Personally I do not believe that the minister could honestly inform this committee that the purpose contemplated under this item is worth the amount which it is proposed to vote. The minister has no information which he can give to this committee other than the fact that the provincial government have asked for this public work. Is the government going to adopt the policy of acquiescing in any expenditure for which a provincial government asks? I do not think they would; I do not think they could. If a request is received from a provincial government for the construction of certain public works, the first thing that ought to be done by the Department of Public Works is to undertake a complete and exhaustive inquiry into the subject matter of the application, and then judge it on its merits. That has not been done in this particular case and I think it ought to be one of the first things the Department of Public Works should see to.

Evidently this is what has happened. The provincial legislature has requested certain public works to be constructed there, and no doubt the members from Prince Edward Island have been to see the minister and have impressed upon him the necessity of going ahead. I believe the Minister of Finance represents that particular district, and I have no doubt he has a good deal of weight with the Minister of Public Works. In justice to the Department of Public Works, to the finances of the country and to the people of Canada, the minister ought to give us more definite reasons why these works should be proceeded with. He has not convinced me at any rate of the necessity of spending this money, more than a quarter of a million, in that part of the island on something that is going to be of doubtful benefit, something at any rate that will not be commensurate with the expenditure.

Will the minister tell us whether a survey has been made, and how many people are likely to use the ferry? How many tourists were in this part of the island in the last two years, and how many are likely to avail themselves of the ferry when it is in operation? These are questions with regard to which the minister has not given us any information, and I feel that until he is in a position to explain fully the reasons for this expenditure he ought to leave the matter in abeyance.

Mr. CARDIN: The engineer has reported that a population of 25,000 will be affected by the proposed ferry service.

Mr. BENNETT: Affected by it?

Mr. CARDIN: It has been carefully estimated that the section of Prince Edward Island directly affected by the proposed ferry service has a population of 25,000, and there is an additional 20,000 very closely concerned. The whole province will benefit indirectly; that is what the district engineer says in his report. The probable value of the commercial traffic is estimated at $256,000 made up as follows: inward—coal, 10,000 tons, $65,000; general merchandise, $25,000; outward—live stock, $14,000; farm produce, roots, $10,000; dairy and poultry products, $20,000; hay and oats, $28,000; mixed fertilizer, $20,000; mis-

cellaneous, $18,000; local fishing stations, 70 boats, at $800 per boat. The total estimated annual business is $256,000.

Mr. BENNETT: I did not catch what the minister said about the boats.

Mr. CARDIN: The estimate is $800 per boat on 70 boats.

Mr. BENNETT: Is there any indication of the amount of new traffic to be developed?

Mr. CARDIN: No. It would be difficult to estimate that because one cannot say exactly what use will be made of the new ferry.

Mr. HEAPS: How much will the government have to spend each year in connection with the ferry?

Mr. CARDIN: I do not see any other expenditure as far as the department is concerned. Nothing is anticipated in addition to what we are proposing now for the establishment of the landing place.

Mr. SPENCE: You will have to buy the ferry next.

Mr. CARDIN: We are not providing for the ferry.

Mr. SPENCE: I know that, but they will ask you next year to do it.

Mr. CARDIN: Maybe, but we are not bound to accede to the request.

Mr. MacLEAN (Prince): I am very much interested in the discussion of this estimate for Prince Edward Island and I am gratified to know that members from different parts of the dominion are pretty well acquainted with the situation down there. I was pleased to hear the remarks of my good friend from Parkdale (Mr. Spence), who visited us last year, and whom we were glad to see.

I do not intend to discuss the merits or demerits of this particular item because it is not in the county I represent. It is at the other end of the province, and no doubt the people in that part of Prince Edward Island know their own requirements better than anyone else.

As regards our good friend the leader of the opposition, I should not like the impression to go abroad that anyone down there thought that he was an enemy of the province in any respect. We greatly appreciate what all governments have done for Prince Edward Island. It is a small province, and if it is an island that is separated from the mainland, that is not the fault of the people of the province. Nature placed the island in the straits, and we were at one time in the happy position of having a continuous and profitable trade with the United States. At the time of confederation Prince Edward Island was induced to join the other provinces in the formation of the Dominion of Canada, and the province came in on one distinct understanding, which was that we were to have continuous steam communication with the mainland. I want hon. members to know that after a fight extending over fifty years that goal was finally attained when the car ferry steamer service was established between Tormentine and Borden. All governments have contributed to that service, and we have had the second boat built. The leader of the opposition and the hon. member for Parkdale said a few minutes ago that it was doubtful whether any additional boat would be needed to carry the traffic. The captain of the steamer was in this building the other day, and he informed me that on fifteen different days last year they had to leave some twenty cars either on the mainland or on the island while they made the trip.

Mr. SPENCE: You mean automobiles?

Mr. MacLEAN (Prince): Yes, automobiles, and they had to wait from two and a half to three hours while the car ferry made the round trip.

Mr. SPENCE: That would not hurt them in a slow place like that.

Mr. MacLEAN (Prince): Well we are beginning to speed up since you were down there last fall, we have been trying to follow the pace you set while there. So in view of that congestion last year, there is no doubt that with the increased tourist traffic that we expect to attract, the congestion is going to increase. Different suggestions have been made as to the best solution. Some think the best thing would be an additional boat for the summer months, equipped to carry automobiles to run in conjunction with the present boat. But the time has come when something has to be done or else we shall have to try to prevent people going to the province. If the transport service is not sufficient to carry the tourists, I do not think it is fair to invite them to go there and be held up.

I never could see the advantage of the transfer of the car ferry accounting from the Canadian National estimates and placing it in an item by itself, possibly it is a disadvantage.

Mr. BENNETT: I think so; it always has been.

Mr. MacLEAN (Prince): I do not think it is an advantage. We see the effect of it here to-night in this house, because anyone can pick up that item and say: Here is a loss

of $300,000 on the car ferry. That is really not a fair comparison, for it must be remembered that the distance is only nine miles, and the car ferry is only credited with that nine miles haul, whereas the bulk of the traffic originating in Prince Edward Island is long haul traffic, through to Toronto and all over the dominion and to the United States.

Mr. BENNETT: And they get the 20 per cent freight rate reduction besides.

Mr. MacLEAN (Prince): Certainly the province of Prince Edward Island is not getting a fair deal, and we are shown up as costing this country a great deal of money, which is unfair. Therefore I think it was a mistake to have this accounting separated from the main operating costs of the Canadian National Railway.

As I said, whether this is the best solution for the problem which is developing there, it is not for me to say; but the time has arrived when something has to be done, and I believe better accommodation should be given in connection with the car ferry we have there. The accommodation on the piers is not sufficient, and there should be improvements to give a better service. We entered confederation on the direct understanding that we were to be given continuous steam communication, and we should not have any complaints from other parts of the dominion about that provision. We know of the millions spent to build a railway to Churchill on Hudson bay, and to establish a port there, where probably very little traffic will ever go, and which will never be a paying proposition, but we do not hear any hon. member from western Canada say a word in complaint of that expenditure. I believe Prince Edward Island is entitled in all fairness to consideration from the rest of the dominion, not only on account of the position we are in, but also because of the terms of confederation we are entitled to everything we have got, and possibly something more.

Item agreed to.

Harbours and Rivers—Quebec

Anse a la Cabine, M.I.—slipway and hauling plant, $3,400.

Anse Millerand, M.I.—slipway and hauling plant, $3,400.

Bagotville—purchase and repair wharf, $35,000.

Baie des Sables—wharf extension, $32,000.

Baie St. Paul—protection wall, $20,000.

Bergeronnes (Point a John)—wharf, $17,000.

Bic—wharf reconstruction, $12,000.

Cap aux Meules, M.I.—wharf reconstruction and improvements, $22,000.

Cap aux Os (The Gulch)—landing, $3,300.

Cap Chat—deepwater wharf, $40,000.

[Mr. MacLean.]

Cap de la Madeleine—wharf repairs, $4,850.

Cap des Rosiers—descent to beach, $2,300.

Carleton—wharf extension, $70,000.

Chambly Basin—protection wall, $16,000.

Chateauguay River—dredging, $13,500.

Chenal du Moine—dredging, $8,600.

Colonie des Greves—protection work, $5,000.

Conception—protection wall, $1,500.

Contrecoeur—protection wall, $25,000.

Cote Marcel—reconstruction of protection, $3,200.

Cross Point—wharf repairs, $8,500.

Drummondville—protection work, $15,000.

Etang du Nord, M.I.—harbour improvements, $20,000.

Granby—protection work, $6,000.

Grande Entree, M.I.—wharf reconstruction, $13,600.

Grande Entree (West Point), M.I.—landing, $2,500.

Grande Riviere—rebuilding wharf, $47,100.

Hamilton Cove (Riviere Portneuf)—wharf, $41,000.

Ile aux Coudres—wharf repairs, $16,000.

Isle Verte—wharf reconstruction, $6,900.

Lachine—protection wall, $16,000.

Lac Duparquet—wharf, $1,500.

Lacolle River—dredging, the provincial government to contribute a like amount, $19,000.

Lac Megantic—protection work, $16,000.

Lac Nominingue—improvements to navigation, $2,550.

Laprairie—protection wall, $30,000.

Lanoraie—extension of protection wall, $2,800.

L'Anse a Brillant—fishing harbour, $50,000.

La Sarre—wharf extension, $1,000.

La Tortue—dredging, the provincial government to contribute a like amount, $16,000.

Lauzon—dredging, $50,000.

Levis—wharf, $110,000.

Lorne Dry Dock—new power house—pump house equipment and machine shop, $125,000.

Magog—protection wall, $4,700.

Maria—wharf repairs, $4,700.

Marsouins—wharf extension, $10,000.

Matane—extension to east breakwater, $40,000.

New Carlisle—wharf repairs, $8,300.

Nicolet—dredging, $6,400.

Notre Dame du Portage—wharf repairs, $3,400.

Paspebiac—wharf extension and dredging, $56,000.

Peribonka—wharf, $5,900.

Petit Gaspe—wharf, $8,400.

Petite Riviere au Renard—extension to west jetty, $2,000.

Petite Riviere Est—construction of fishing harbour, $35,000.

Petite Vallee—wharf extension, $20,000.

Pointe Jaune—improvements to fishing harbour, $21,000.

Pointe Lebel—wharf, $12,000.

Port au Saumon—to take over and repair wharf, $19,000.

Port Daniel East—wharf improvements, $6,700.

Richelieu River—improvements, $500,000.

Rimouski—harbour improvements, $475,000.

Riviere Caplan—repairs to jetty, $4,450.

Riviere des Hurons—contribution towards dredging, the balance of cost to be borne by the province, $75,000.

Ruisseau Castor—purchase and repair wharf, $11,500.

Ruisseau Chapados (Gascons)—fishing harbour, $12,000.

Ruisseau LeBlanc—dredging, $22,500.
Ruisseau Pariseau — contribution towards dredging, the balance of cost to be borne by the province, $15,000.
St. Andre de Kamouraska—headblock, $14,600.
St. Cuthbert—wharf, $2,200.
St. Charles de Caplan—wharf extension, $25,000.
St. Chrysostome—protection walls, $12,900.
St. Denis—wharf reconstruction, $4,650.
St. Edouard de Fabre—protection wall, $11,000.
St. Etienne de Malbaie—wharf improvements, $5,500.
St. Felicite—wharf extension, $54,400.
St. Flavie—wharf extension, $20,500.
St. Godfroy—wharf repairs, $8,200.
St. Ignace de Loyola—protection wall, $15,000.
Ste. Jeanne d'Arc—wharf, $1,100.
St. Joachim (Cote Neuve)—breakwater, $3,000.
St. Paul (Ile aux Noix)—improvements, $4,500.
St. Pierre les Pecquets—dredging, $13,000.
Ste. Rose—protection wall, $4,900.
Saguenay River—dredging, $170,000.
Sault au Mouton—channel, $24,100.
Sorel—harbour improvements, $180,000.
Tadoussac (Anse Tadoussac)—wharf improvements, $12,500.
Taillon (St. Henri)—wharf extension, $1,300.
Terrebonne—protection wall, $16,200.
Trois Rivieres—dredging, $4,900.
Val Barette—protection work, $3,000.
Varennes—protection wall, $15,000.
Vercheres—protection wall, $10,000.
Vercheres County—dredging—the provincial government contribution being a like amount, $5,000.
Yamaska—protection work, $9,300.

Some hon. MEMBERS: Carried.

Mr. MacNICOL: Hon. members cannot expect this vote to carry so rapidly. There is one item in it to which the house should give careful attention: I refer to that pertaining to the Richelieu river, $500,000. Last session when this same amount was voted, if my memory is correct, the minister said that the matter of increasing the size of the Richelieu canal would be referred to the International Joint Commission. That commission held many meetings; I attended quite a number myself; some were held at New York, also at Albany, Plattsburg, Burlington, and Montreal. I believe I spent three days at the session at Montreal. A vast amount of information was submitted by eminent engineers and thoroughly competent men for and against further canalization from the St. Lawrence to the Hudson. I took my time and made a careful survey myself all along the Richelieu river, along lake Champlain and south to where the proposed canal would enter the Hudson river. I am convinced that the time has come when this whole project should be laid to one side until the International Joint Commission has reported on it.

There were three main proposals in reference to this work, and as far as I know not a single one of them has been endorsed. Certainly the engineers from the United States—and there were quite a number of them at these meetings—and representatives of the railways and of business organizations all along the route were not at all in accord with the proposal for canalization via the Richelieu river.

From the United States side there were two proposals that might be considered; one was to commence a canal six miles east of Montreal, I presume from part of Montreal harbour, across to Chambly basin. That was not at all supported. The main United States proposal was to run a canal from lake St. Francis fifty-four miles overland to lake Champlain. I cannot see how any Canadian government could support such a proposal as that. They proposed to divert 5,000 cubic feet a second from lake St. Francis, which is 152 feet above sea level, run it across country, which is fairly level, and drop it into lake Champlain by either one or two locks, a drop of 52 feet. It is proposed to make the level of lake Champlain 100 feet.

I asked some engineers a number of questions about the volume of water and such matters, and it came out that this proposal was to take 5,000 cubic feet a second from lake St. Francis. What would they do with it after they got it to lake Champlain? They could not allow it to run down the Richelieu river; I believe the footage there is from 4,000 to 5,000 cubic second feet to 7,000 or 8,000. It is not to be expected that the Richelieu river bed would take in an additional 5,000 feet per second. And they do not propose to send it that way. Their proposal was to take it through the height of land, which I believe is about 47 feet, south of lake Champlain; in other words, send the St. Lawrence water south into the Hudson, at Northumberland, through one or two locks. That is out of the question; this government could not support that. And all the other proposals that Canada might entertain are out of the question, because the Americans are all against them.

Mr. BENNETT: They would have to widen and deepen the Richelieu river to carry this additional water.

Mr. MacNICOL: It was shown at these meetings that there are many private rights on the Richelieu that the government would have to buy, such as dam sites or present dams which are there. The engineers submitted figures showing that the cost would be staggering. In 1900 they figured the cost at $60,000,000, but they now figure it at $200,000,000 if they run the canal from lake St. Francis.

Mr. DUPUIS: Oh, yes.

Mr. MacNICOL: O.K.? It is not O.K., and I say no Canadian can support a canal running from lake St. Francis that diverts 5,000 cubic second feet from the St. Lawrence, which would injure the harbour of Montreal, as the hon. member knows. Therefore that is totally out of the question.

Now I will go back to where I left off in dealing with two or three other proposals. If the United States engineers are asking for anything, they are asking for a twenty-seven to thirty foot canal, for if the canal were to go through from the Hudson river to lake Champlain—that is, if the height of land were cut down—that would be the depth of the canal. They are opposed to anything less than that; they say a twelve foot canal is not of much use. I believe the present lake Champlain-Hudson canal is a twelve foot canal, with a potential capacity of over 8,000,000 tons per season. How much traffic goes over it? Only 351,000 tons. Why? Because the traffic is not there.

Mr. DUPUIS: It has not twelve feet yet.

Mr. MacNICOL: I am talking of the lake Champlain-Hudson canal, from the south end of lake Champlain to the Hudson river, which is a twelve foot canal. I went over it and photographed it from one end to the other. I photographed the boats on it, though there were very few. There were two or three steel barges carrying oil, which were pushed along by a steam barge. The figures that were submitted were very striking as to the value of the present canal on the Richelieu river. These figures, I believe, were submitted by the Chambre de Commerce of Montreal in opposition to the proposal; that is my memory, though I speak subject to correction. In any case it was a very representative body. The report I have in my hand was prepared by Mr. Graham for M. Lefebvre, whatever body that gentleman is connected with. It was pointed out that in 1935 the Richelieu river canal, from lake Champlain to Sorel, carried traffic in hard coal amounting to 2,114 tons. That is a mere bagatelle, showing a tremendous drop from the high point of 124,000 tons in 1917. The traffic in hay amounted to only 880 tons, though if my memory serves me right, last year we were given figures showing heavy traffic on that canal.

Mr. DUPUIS: The canal is not deep enough; that is the reason for the light traffic.

Mr. MacNICOL: It is plenty deep enough to carry all the traffic that is offering on that canal, and I say that, after having made a thorough survey.

[Mr. Dupuis.]

Mr. RHEAUME: Has my hon. friend the figures before 1930?

Mr. MacNICOL: Yes. Hard coal carried amounted to 23,935 tons and hay to 2,087 tons. Coming back to where I left off, in 1935 no ore, pulpwood or sawed lumber was carried over this canal from Canada to the United States. The total traffic dropped from 669,299 tons in 1910 to the figure I gave a few moments ago, 45,000 tons in 1935. The traffic is not there. I saw the blueprints indicating what is proposed to be done; I went to Montreal in order to look them over, and then I travelled all over the canal. In my opinion it would pay this country forever to carry free any traffic going over that river rather than to launch upon this scheme which will call for a tremendous expenditure of money.

Last year something was said about lands being flooded, and I made a careful survey in that connection as well. By far the major portions of the flooded lands, the engineers tell me, would be in United States territory south of the international border. I asked the engineers where the flooded lands were on the Canadian side.

Mr. RHEAUME: They cover an area about twenty-five miles long on both sides of the river.

Mr. MacNICOL: The banks on both sides of the river are high enough to take all the water flowing in.

Mr. RHEAUME: No, sir.

Mr. MacNICOL: I have not the photographs here, but I can show them to my hon. friend, and my eyesight is pretty good. In any event it was not the river flooding we were told about; it was the flooding of the lands around lake Champlain, and those lands are largely in the states of New Hampshire and New York. By far the larger portion of the water that flows down the Richelieu river originates on the United States side, and if they have floods there, they can take care of them.

In conclusion, Mr. Chairman, I take this stand. Last year we voted half a million dollars, and this year we are asked to vote another half million.

Some hon. MEMBERS: No.

Mr. CARDIN: This is a revote.

Mr. MacNICOL: Well, I am mighty glad to hear that. I hope this will only be revoted every year and never expended. If that is all that is to be done I have nothing more to say.

Mr. CARDIN: I cannot promise that; but this is a revote.

Mr. DUPUIS: O.K., then.

Mr. MacNICOL: Yes, O.K., if it is a revote and continues to be a revote. But before even a revote is placed in the estimates, I think the minister should wait for the report of the International Joint Commission. He will remember that last year he said in effect: Well, we will have the International Joint Commission make a survey. If the International Joint Commission O.K's any proposal to canalize the Richelieu river at twenty-seven feet, I say the International Joint Commission ought to be abolished. But I am convinced that their engineers will never recommend any such proposal.

This whole thing should be left over until we have the report of the engineers, and then the country can fairly determine what policy should be pursued, whether we should canalize the Richelieu, or run the canal from a point six miles east of Montreal, which are the only two proposals that can be considered. As far as the United States are concerned, they have definitely made up their minds so far as I can see, to deepen the Erie canal to fourteen feet if they can find the water to operate it. They now have it deepened to fourteen feet for part of its length, but so far they cannot find water to operate it the whole length at that depth. They have constructed two large reservoirs, but they were prevented from going further because of the uncertainty of finding additional water in New York state with which to operate a fourteen foot canal. If they can get that water they are ready to forget all about the Richelieu or the lake Champlain canal, because that would not be of any convenience to them.

Some hon. MEMBERS: Oh, no!

Mr. MacNICOL: Well, I discussed it with engineers at Albany and all up and down the series of canals, as well as in Washington, and so far as I am concerned I am certain that they are not interested in a twelve foot canal, so any expenditure by this country on a canal of that depth would be of doubtful value.

Mr. CARDIN: I probably should say a word in reply to the hon. member. The large amount of money he has mentioned in connection with the development of the Richelieu river refers to a development at a depth of twenty-seven feet.

Mr. MacNICOL: I said from twenty-seven to thirty feet.

Mr. CARDIN: Yes; it would be equivalent to the proposed development of the great lakes-St. Lawrence system. The proposal for the development of the Richelieu river to a depth of twelve or fifteen feet may not interest the United States, but it may be of interest to Canada. It may be of interest to that section of Canada through which the Richelieu river flows.

The reference made to the International Joint Commission is not for the purpose of obtaining the approval of that body of the development of the Richelieu river through its canalization. We have referred to the International Joint Commission the proposal with respect to the dam we propose to build with this sum of money between St. Johns and Chambly. That dam may have the effect of raising or lowering the water on lake Champlain, because it is being built between Chambly and St. Johns in order to permit the regulation of the flow of the Richelieu river during the navigation season.

The banks of the Richelieu river from St. Johns to the boundary are low. In fact, about a mile or two above St. Johns, one would think that the Richelieu is not a river but rather a lake.

Mr. MacNICOL: It is partly a lake.

Mr. CARDIN: The river is very wide, because the banks are low. All the land is flooded by high waters in the spring, and those high waters do not disappear soon enough in most years to permit cultivation of the low lands on the Canadian as well as the American territory.

In order to dispose of that large amount of water each spring, it was proposed as far back as 1907 to dredge the river between the town of St. Johns and the boundary. But when parliament voted the money and we began dredging that section of the river, the Americans intervened and said, "By dredging the river between St. Johns and the boundary you are going to increase the section of the river. It is true that the water would flow more rapidly in the spring, but it would also flow more rapidly during the summer, and you are going to lower the level of lake Champlain."

That was their objection. It was as a result of that objection that Canada and the United States discussed the proposal of building a regulating dam between St. Johns and Chambly. That dam would be open during the spring, when the water is high, and the river having been dredged between St. Johns and the boundary, the water would flow rapidly in the spring through the openings of the regulating dam. But when the high water of the spring had passed the regulating dam would be closed and the level of the water on the Richelieu river as well as on lake Champlain

would be preserved at its normal point. That is the object of the construction of the regulating dam.

Mr. MacNICOL: At what normal point?

Mr. CARDIN: I have not the figure in mind, and I would not risk a guess. However, the level of the water would be maintained by that regulating dam, even if the river is dredged between St. Johns and the boundary at the normal level of lake Champlain. At that time the International Waterways Commission as it was then called agreed to the proposal of a regulating dam between Chambly and St. Johns, provided the dam were built with openings sufficient to dispose of the high water in the spring, but which would maintain the normal flow of the Richelieu river during the navigation season.

The project was not carried on, on account of the difficulties in which the country found itself as a result of the war. All I propose at the present time is the construction of the dam which was agreed upon by the American and Canadian authorities, and approved by the International Waterways Commission as far back as 1907, or a little later.

Mr. BENNETT: Is there an order issued by the commission?

Mr. CARDIN: Yes, a resolution has been passed by the International Waterways Commission approving the construction of the dam. It was not proceeded with later on, and now we are asking that there be a confirmation of the order given in 1907 for the construction of the dam.

Strictly speaking, that does not affect the project of canalization of the whole Richelieu river. It covers more particularly the reclaiming of these low lands on Canadian territory also, to a certain extent, on United States territory.

Mr. BENNETT: Between St. Johns and the boundary?

Mr. CARDIN: Yes, between St. Johns and the boundary. Besides there is going to be an advantage even if we do not decide to reconstruct the Chambly canal. The dam is going to be built half way between Chambly and St. Johns. The present canal is between Chambly and St. Johns. The dam being built half way will reduce by half, the length of the present canal, which is going to be an advantage to navigation. Instead of having to go through a canal twelve miles long, the boats will travel through a canal only six miles long, because the dam between Chambly and St. Johns will raise the level of the water so that from Friars Island it will be open river navigation.

Mr. BENNETT: What is the distance between St. Johns and Chambly?

Mr. CARDIN: Twelve miles. This would reduce by six miles the present length of the Chambly canal, a point which is advantageous so far as navigation is concerned. I repeat, that for the present this does not commit us to the canalization of the Richelieu river. It is true the question was raised before the International Joint Commission when they studied the different projects mentioned by the hon. member. Their meeting was not organized with a view to considering the Richelieu river. They had three projects which would have left out of consideration the Richelieu river from St. Johns or from Chambly right through to the St. Lawrence.

The suggestions which were made by the United States interests were (1) for a canal entirely on American territory; (2) from St. Johns, inland, right through to Laprairie; and (3) from Chambly, at the foot of the present Chambly canal, right through to St. Lambert, in front of Montreal. A fourth proposal was suggested by Canadian representatives for study. The International Joint Commision discussed and studied more particularly the twenty-seven foot canal—

Mr. MacNICOL: Twenty-seven to thirty.

Mr. CARDIN: Yes, twenty-seven to thirty. We admit the proposal for canalization at twelve feet does not appear to interest the Americans very much. It might interest us later on, but that question is not raised at the present time. We are not now discussing the reconstruction of the Chambly canal. That would be the most expensive part of the whole project and would cost in the neighbourhood of $8,000,000. We propose only to build a dam, in order to help reclaim the low lands, and in the second place to better the present navigation system by reducing the length of the Chambly canal by half. That will be of great advantage.

It is no argument to say that there is no traffic at the present time. When there is no railroad between two points there is no traffic. Did we wait for traffic to build our railroads? No, we built our railroads to develop traffic, and we succeeded in developing traffic where there was not one dollar's worth before. In the present condition of the canal we cannot expect to show the same results that are being shown in other sections of the country where the canals are up to date. Forty or fifty years ago when the St. Lawrence canals were the same depth as the Chambly canal—

Mr. BENNETT: That is twelve feet.

Mr. CARDIN: —they were carrying just about the same amount of traffic as is being carried by the Chambly canal. The St. Lawrence canals have been put in better condition to carry traffic, and they show better results. Where is the man who will contend that you can carry on a transportation business to-day with the old type of canal boat? It would not be profitable. Where are the small ships that used to ply our rivers twenty-five years ago? Why did the big shipping companies build the large boats they have on the lakes? Because small boats are not profitable, and large ones are. The same thing applies to the Richelieu river and the Chambly canal. We must be able to use larger boats and carry greater quantities of merchandise if we want to show a profit.

The best example of this is the condition of this ditch which runs through the best section of the province of Quebec which has been forgotten for a number of years. The paper companies have built special boats to navigate this ditch and transport paper and pulp to the United States. Last year the International Paper Company built two boats and this year they are building two more. These boats had to be specially constructed to navigate the shallow depth of about five feet and a half during the summer. Why has this company tried to accommodate itself to the present conditions? Because the traffic is there; because they find it more advantageous to ship by water than by rail. If it had been advantageous to ship by rail, they would not have gone to the expense of building special boats to navigate the canal, as they have done.

I am not asking the committee to commit this country to the canalization of the Richelieu river. I am simply asking for a vote to build a regulating dam and reclaim certain lands which I contend will prove profitable. In doing this, the Chambly canal will be improved. It is proposed to dredge the Richelieu river from the St. Lawrence to the foot of the Chambly canal, and from the proposed dam to the boundary line, a work in which different governments have been interested over a number of years. It is intended to straighten the channel which now exists. Considerable low-lying land along the river will be reclaimed for the benefit of the farmers.

We should not forget that from Sorel to Chambly, and to the boundary, there are many important localities which have no proper railway facilities. The present railroads cross the Richelieu river at right angles, and there is no line running parallel to it.

Mr. MacNICOL: There are good highways.

Mr. CARDIN: Important centres like St. Johns should be considered and proper facilities provided. With this explanation I hope my hon. friend will not continue to fear that I am placing the country in a hole. All I am doing is endeavouring to better conditions in that locality, and I think the vote is quite justified.

Mr. MacNICOL: Is the dam to which the minister referred north of St. Johns?

Mr. HEAPS: I would point out that it is eleven o'clock.

Mr. BENNETT: Yes, it is eleven o'clock. It is quite clear that any country represented by the Minister of Public Works can never be spoken of as the forgotten country.

Item stands.

Progress reported.

It being ten minutes after eleven o'clock the house adjourned, without question put, pursuant to standing order.

Thursday, April 1, 1937

The house met at eleven o'clock.

LIBRARY OF PARLIAMENT

Mr. SPEAKER: I have the honour to present the report of the joint librarians of parliament.

CANADA–GERMANY TRADE AGREEMENT

TABLING OF DOCUMENTS

Hon. W. D. EULER (Minister of Trade and Commerce): I table herewith copies of the following documents:

1. Provisional trade agreement between Canada and Germany, signed at Ottawa October 22, 1936.

2. Payments agreement between Canada and Germany, signed at Ottawa, October 22, 1936.

3. Exchange of notes dated October 22, 1936, concerning the application as from November 15, 1936, of the provisions of the provisional trade agreement between Canada and Germany relating to the customs treatment of goods.

4. An exchange of notes with a representative of the German government, dated October 22, 1936, concerning the intention of the government of Canada to invite parliament to pass legislation necessary to give the governor in council authority to fix the rate of exchange for any currency in computing the value for duty of goods imported into

Canada from any place or country the currency of which is appreciated in terms of the Canadian dollar.

Right Hon. R. B. BENNETT (Leader of the Opposition): Are these documents printed?

Mr. EULER: No.

INTRODUCTION OF BILL

Hon. W. D. EULER (Minister of Trade and Commerce) moved for leave to introduce Bill No. 89, respecting a certain provisional trade agreement between Canada and Germany.

Motion agreed to and bill read the first time.

CANADA-URUGUAY TRADE AGREEMENT

Hon. W. D. EULER (Minister of Trade and Commerce) moved for leave to introduce Bill No. 86, respecting a certain trade agreement between Canada and Uruguay.

Motion agreed to and bill read the first time.

JUDGES ACT AMENDMENT

Mr. T. L. CHURCH (Broadview) moved for leave to introduce Bill No. 87, to amend the Judges Act (privy council appeals).

He said: This bill adds a clause to the Judges Act. The judges appointed under this act are federal judicial officers and are bound by the provisions of the act. The bill provides that all such judges, whether appointed or to be appointed, shall in their decisions be bound by the decisions of the judicial committee of the privy council, or if a matter before them does not go that far, by the court of final adjudication. It is based on the principle that under our constitution, by British law the courts are subservient to the legislature, and that parliament makes the law and judges interpret it. The bill provides that this is to be the law for Canada, notwithstanding any law, custom, usage or doctrine of law to the contrary.

Motion agreed to and bill read the first time.

DEPARTMENT OF TRANSPORT

PROVISION TO CONSOLIDATE STORES DEPOTS AND TO SIMPLIFY PURCHASING

Hon. C. D. HOWE (Minister of Transport) moved for leave to introduce Bill No. 88, respecting Department of Transport stores.

He said: Mr. Speaker, the purpose of this bill is to provide the Department of Transport with facilities for the consolidation of stores and stores depots and a simplified stores and purchasing control similar in effect to the facilities provided for the king's printer under section 38 of the Public Printing and Stationery Act as amended by chapter 5, statutes of 1928. At the present time the Department of Transport have some sixty stores depots in Canada, of which as many as three are in the same city. In a single stores depot it is necessary to keep as many as three or four separate stocks. The net result is that, with purchases of some three million dollars per annum, our stores to-day have an inventory of a million and a half dollars, which of course is far in excess of the proper amount. The passage of this bill will simplify the bookkeeping, considerably reduce the staff required to attend to these stores, and make for a much more efficient management.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADIAN BROADCASTING CORPORATION—STATION CJCA

Mr. HALL:

1. Has the Canadian Broadcasting Corporation been requested by the mayor of the city of Edmonton to investigate alleged broadcast of misleading or false election returns, over radio station CJCA on the night of the last Edmonton civic election?
2. If so, has the investigation been made?
3. What are the findings?
4. If the investigation has not been made, why not?

Mr. HOWE:

The following information has been supplied by the Canadian Broadcasting Corporation:

1. Request forwarded to the Canadian Broadcasting Corporation by the office of the Minister of Transport.
2. Yes.
3. Preliminary returns broadcast by radio station CJCA not obtained from official source.
4. Answered by No. 1.

TARIFF RULINGS UNDER "NOT MADE IN CANADA" PROVISION

Mr. MAYBANK:

1. Since January 1, 1930, how many applications for tariff rulings have been made under the "Not made in Canada" rule by the Aluminium Company of Canada, year by year?
2. Since January 1, 1930, have any payments in the nature of rebate been made to the Aluminium Company of Canada? If so, what were the dates, amounts, and reasons for same?

3. Since January 1, 1930, how many applications for tariff rulings have been made under the "Not made in Canada" rule by the Page-Hersey Company, year by year?

4. Since January 1, 1930, have any payments in the nature of rebate been made to the Page-Hersey Company? If so, what were the dates, amounts, and reasons for same?

Mr. ILSLEY: For the reasons I gave the other day I would ask that this question be dropped.

Question dropped.

WAR PENSIONERS' TAXATION

Mr. LENNARD:

1. What is the amount of revenue the government derived from taxing pensions of veterans of the great war during the year 1936?

2. Has the government ever considered putting such pensions on a tax free basis?

Mr. ILSLEY:

1. Information not available.

2. Pensions were tax free up to May 22, 1933, section 3 of chapter 41, 23-24 George V repealed the tax free provision.

VALUE OF CANADIAN MAPLE PRODUCTS AND EXPORTS, 1935-36

Mr. LACOMBE:

1. What was the total value of maple products in Canada: (a) during 1935; (b) during 1936?

2. What was the value of our exports of maple products to the United States of America: (a) in 1935; (b) in 1936?

Mr. EULER:

(a) during 1935.	$3,522,420
(b) during 1936.	3,713,781
Maple sugar—	
1935..	$ 217,976
1936..	1,289,776
Maple syrup—	
1935..	$ 210,083
1936..	20,461

CORONATION DAY OBSERVANCE

Mr. CHURCH:

1. What arrangements are being made by the government for a suitable observance of Coronation day in Canada?

2. Will it be a public holiday, and have any requests been made to the municipalities and boards of education to get ready and arrange for a national celebration in Canada?

3. Will government offices, banks and other business organizations be requested to close?

Mr. RINFRET:

1. A proclamation was issued 19th March, 1937, and published in "The Canada Gazette" March 27, 1937 (page 2446) appointing Wednesday, May 12, 1937, to be observed as a day of general thanksgiving. The proclamation also requests religious services either on May 12, or on the preceding Sunday, May 9. The proclamation makes May 12, a public holiday within the meaning of the Interpretation Act, the Bills of Exchange Act and the Civil Service Act. The government notified the provincial governments of the intention to proclaim May 12 as a public holiday and suggested that the provincial governments might advise the municipalities that the celebration in each community be organized as may be most appropriate to local conditions. This is in accordance with practice followed on the occasions of the coronations of King Edward VII (1902) and King George V (1911) and the silver jubilee of King George V (1935). The defence forces have been requested to cooperate with local authorities in celebrations so far as may be practicable. Salutes will be fired on Coronation day at the regular saluting stations and at all provincial capitals. Arrangements will be made for appropriate decoration of public buildings.

2. See answer to No. 1.

3. Since the proclamation makes May 12 a public holiday within the meaning of the Bills of Exchange Act and the Civil Service Act, it will be a bank and civil service holiday and no doubt will be generally observed throughout Canada.

QUESTION PASSED AS ORDER FOR RETURN

GOVERNMENT DREDGES ON THE ST. LAWRENCE

Mr. LAPOINTE (Matapedia-Matane):

1. How many dredges will the federal government operate in the St. Lawrence waters during the next season of navigation?

2. What are their names or numbers?

Mr. RINFRET: Tabled herewith.

HALIBUT FISHERY

AMENDMENTS TO CONVENTION BETWEEN CANADA AND THE UNITED STATES

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure to confirm and sanction a certain convention between Canada and the United States of America for the preservation of the halibut fishery of the northern Pacific ocean and Bering sea, signed at Ottawa on the 29th day of January, 1937, and to provide for the carrying out of the provisions thereof.

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

Mr. MACKENZIE KING: As the house is aware, a halibut convention between the United States and Canada was agreed to in 1923. That convention was replaced subsequently by a new convention in 1930. The present convention is largely a reenactment of the provisions of the convention of 1930, with some slight changes in phraseology and two important amendments which relate more particularly to procedure. The procedure under the 1930 convention was discovered to permit of advantages being gained by dishonest fishermen to the detriment of fishermen who were honestly complying with all regulations. The commission itself recommended the amendments to overcome this handicap and suggested to both governments that it would be preferable to frame a new convention rather than simply to enact amendments to the existing convention. The few alterations in the new convention which relate to drafting do not in any way affect the principle. I might give in more concrete form an exact statement of the two amendments now proposed.

As I have said, the experience gained by the International Fisheries Commission during the years since the 1930 convention came into force has disclosed certain defects in the existing procedure, and in their report to the two governments of January, 1936 the commission made specific recommendations for new provisions to remedy these defects. For this purpose the commission submitted a draft of a new convention. It was considered that a complete new document, replacing the existing one and incorporating the new amendments, would prove a more convenient procedure than the conclusion of a supplementary convention. After careful consideration the two governments decided to adopt the commission's recommendations, and accordingly they signed at Ottawa, on January 29 last, the new convention which is set out in the schedule to the bill.

As recommended by the commission this 1937 convention will, if ratified, supplant the existing convention of 1930. This follows the procedure of 1930, when the 1923 convention was completely replaced. The 1937 convention incorporates, however, all the provisions of the 1930 convention except to the extent of the few amendments which were recommended by the commission.

It may be noted here that the commission, upon consulting the fishing fleets concerned, found that they largely urged the revision; indeed the changes originated with the fishing fleets as being desirable to facilitate their operations and the enforcement of the law.

The amendments do not establish any new principle. Their purpose is, in two main particulars where the commission had found results somewhat unsatisfactory, to improve the carrying out of the original underlying purpose, namely, the preservation and extension of this great fishery. In other words, they may be regarded as amendments of administrative procedure.

The first main amendment concerns the circumstance that during the closed halibut season fishermen may, in halibut areas, fish for other species of fish and that in so doing they may incidentally catch some halibut. Under the existing convention halibut caught incidentally in this manner may be retained and used for food for the crew of the fishing vessel; but any portion not so used must be landed and turned over to the proper officers of the two governments, who sell them to the highest bidder and pay the proceeds into the respective public treasuries. The commission found that, since fishermen object to throwing away good halibut caught in this manner—which is in fact a waste of good fish—there has been considerable violation of the law. It also appears that fishing for less valuable varieties of deep sea fish, such as black cod and red cod, would likely be encouraged if regulations could be made to permit the fishermen under certain conditions to retain such halibut as may be caught incidentally. The commission, in their report, sum this aspect up by stating that:

> The existing provisions are therefore, in effect, penalties on the honest fisherman without restraining the dishonest, and are productive of wastage of needed food, when there is no good reason why such small quantities of halibut, probably not exceeding 150,000 pounds for the whole fleet, might not be made legitimate, certainly during the season when halibut is being taken on other parts of the coast.

Accordingly, as recommended by the commission, the retention by the fishermen of halibut incidentally caught is being made lawful, subject to such limitations and prohibitions as the commission may prescribe with the approval of the two governments. The new wording in this respect will be found at the end of the second paragraph of article I of the new convention.

The second main amendment concerns a practical detail as to the method of fixing the limits of the closed season. The convention in its general scheme lays down a certain closed season—from November 1 to February 15—but gives the commission power, subject to approval by the two governments, to suspend or change this season. Under the existing convention, however, it is possible only to fix the date when halibut fishing must cease in any year. The result is that a vessel may be out on the fishing bank with only a

part of its normal load taken when the closure date arrives. If fishing is stopped then, the voyage will entail a loss to the fishermen, while if the vessel remains to fill up, a violation of the law occurs. Halibut vessels must leave port well in advance of closure in order to reach the fishing grounds, and after ceasing to fish they may take a week or more in returning to port. The commission, after pointing out that it is difficult to detect law violations by patrol along a broken coast of over two thousand miles, sum up their opinion on this aspect as follows:

> The present condition is again one that penalizes the honest fisherman when there is no need. There is again no reason why a full, normal last trip cannot be allowed the honest fisherman as well as the man who breaks the law to get it. This can be done by setting a date for last departure for fishing in any area which is to be closed. As at present, this date can be forecast approximately and warning given in order that all may have equal opportunity to adapt their movements to it, but the setting of such a date would allow a normal trip for all vessels which have been in time to depart.

Accordingly, as thus recommended, the new convention, instead of authorizing the commission to fix a date for the cessation of fishing, authorizes it periodically to fix a date for the last departure of fishing vessels for any fishing area concerned.

That summarizes I think the effect of amendments to the existing convention. As there is a bill founded on this resolution it may be that further discussion can best be deferred until the bill itself is before the committee.

Mr. NEILL: I have not the halibut treaty of 1930 under my hand, but I have that of 1923. I see that the Department of State at Washington made it an understanding for the ratification of that treaty that none of the nationals and inhabitants or vessels or boats of any other part of Great Britain shall engage in halibut fishing contrary to any of the provisions in the treaty. I understand that was accepted by Great Britain. I understand that the British ambassador also signed it. I do not know what took place in 1930, but I rather think that provision was left out. Therefore I should like to ask the Prime Minister whether it would not be advisable to obtain the consent of Great Britain to this treaty in order to prevent a contingency which has arisen since, of a British ship, a mother ship carrying fishing boats, etc., going around to our Pacific coast waters and engaging extensively in halibut fishing, not being subject to this treaty at all. If all vessels under the British flag are allowed to fish there, this treaty would go by the board, because they of course would be subject to no restriction whatever. I have no doubt the Prime Minister has considered that. I should like to ask whether he has it in his mind to have the consent of Britain to that feature of this treaty.

Mr. MACKENZIE KING: My hon. friend will find that the bill itself contains a clause to meet what he has in mind. The clause will perhaps be of wider application than simply to Great Britain. The endeavour has been to prevent ships of any country other than Canada and the United States taking advantage of a situation that arises through Canada and the United States in an effort to preserve and extend the fisheries being restricted by the provisions of a convention and others not being governed thereby. The clause has received very careful consideration, and will I imagine meet what my hon. friend has in mind.

Resolutions reported, read the second time and concurred in. Mr. Mackenzie King thereupon moved for leave to introduce Bill No. 90, respecting a certain convention between Canada and the United States of America for the preservation of the halibut fishery of the northern Pacific ocean and Bering sea, signed at Ottawa on the 29th day of January, 1937.

Motion agreed to and bill read the first time.

LORD'S DAY ACT

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I gave to the Minister of Justice notice of this question. It relates to the enforcement of the Lord's Day Act in the cities and towns, in relation to drug stores, where the police are stopping the sale of cigarettes, tobacco, cigars and many small articles which are more or less necessary on Sunday. This act was passed in 1845 and is not in accordance with modern conditions. Is it not advisable that either during the recess of parliament or in a criminal code amendment there be a revision and reconstruction and consolidation of this statute? As it is now we may not swim or fish on Sunday, because the act of 1845 is still in effect, and the Toronto police magistrates say while it is there these things may not be done on Sunday. I am asking that the Minister of Justice be kind enough to consolidate and revise that statute and bring it up to date.

Hon. ERNEST LAPOINTE (Minister of Justice): The suggestion of my hon. friend will be very carefully considered. I may say that from other sources also I have been asked that certain amendments be made to the Lord's Day Act. There is a bill on the order

paper in the name of the hon. member for Champlain (Mr. Brunelle) which would stiffen the provisions of the act and provide for heavier penalties. I am afraid, however, that this bill will not be considered this session because the place it occupies on the order paper will not permit it to be reached. But during the recess of parliament I shall certainly do what my hon. friend suggests—consider all the representations that are being made by my friend himself and by others, and the question will come up for decision at the next session of parliament.

Mr. CHURCH: That is all very well so far as it goes, but the provinces have jurisdiction also and the enforcement of the law is with them. The magistrates and police commissioners say that as long as this statute is as it is, they have to convict. It is making a farce of the law. An eminent chief justice told me he spent a whole month in Toronto on a Sunday, and if it had not been for me he might have spent two months there.

WAINWRIGHT BUFFALO PARK

On the orders of the day:

Mr. ROBERT FAIR (Battle River): I should like to direct a question to the Minister of Mines and Resources (Mr. Crerar). On March 9 the minister tabled sessional paper No. 206 concerning an investigation held at Wainwright in September last. That sessional paper was supposed to contain the evidence given at that investigation. It does contain the report of the commissioner, but does not contain the evidence asked for, and I should like to ask the minister if this evidence can be produced in the very near future.

Hon. T. A. CRERAR (Minister of Mines and Resources): Mr. Speaker, I shall look into the matter. I am not sufficiently familiar with the question my hon. friend has directed to me to answer it at the moment.

GRAND TRUNK PERPETUAL STOCKS

On the orders of the day:

Hon. C. D. HOWE (Minister of Transport): Mr. Speaker, I promised to make a statement with regard to the order for return moved for by the hon. member for Kootenay East (Mr Stevens) relating to perpetual preference stocks of the Grand Trunk Railway.

These questions are to a large extent questions of law requiring the expression of legal opinions for their proper answers. Moreover, answers given to these questions might prejudicially affect the trial of the action pending in the Supreme Court of Ontario between Lovibond and the Canadian National Railway Company. For these reasons in my opinion these answers cannot be furnished. I make this statement on the advice of the Department of Justice.

WAR PENSIONERS' TAXATION

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): I should like to direct an inquiry to the Minister of National Revenue (Mr. Ilsley), who to-day answered a question which I placed on the order paper. The second part of that question asked if the government had ever considered putting soldier pensions on a tax free basis, and the minister answered that part of the question by stating that such pensions were tax free until May 22, 1933. I was aware of that fact, but what I want to know is whether this government has ever considered putting these pensions back on a tax free basis.

Hon. J. L. ILSLEY (Minister of National Revenue): So far as I know the matter has not as yet been before the government for consideration.

SUPREME COURT ACT

AMENDMENT TO CLARIFY PROVISION RESPECTING APPEALS

The house resumed from Wednesday, March 31, 1937, consideration in committee of Bill No. 78, to amend the Supreme Court Act—Mr. Lapointe (Quebec East)—Mr. Sanderson in the chair.

On section 1—Appeals from other than court of last resort.

Mr. BENNETT: Mr. Chairman, this section was allowed to stand through the courtesy of the Minister of Justice to enable me to look into a question that had been brought to my attention by two legal practitioners. The question was whether or not the government had considered the advisability of restoring old section 41 of the Supreme Court Act, by which there was an appeal from a judgment of the court of last resort in the province on a question that had been adjudicated upon by either a tribunal or a person named under a provincial statute, or a municipal authority, which would be under a provincial statute in any event. At one time there was provision for an appeal to the supreme court if the amount involved was more than $10,000, and there were certain limitations placed upon the right of the court to adjudicate upon the question, by sending it back to the court in the province for the purpose of having it dealt with along the lines

suggested by the Supreme Court of Canada with respect to the legal principles which should govern in dealing with it. I purposed asking the minister, when this bill was before the house, whether he had considered the advisability of reenacting that section. I had the privilege of speaking with him a short time ago, however, and I gathered that he had considered the matter and concluded not to do so.

Mr. LAPOINTE (Quebec East): I thank my right hon. friend for what he has said. There is no doubt, as he says, that parliament could reenact or create this right of appeal in such circumstances, but it was considered advisable to repeal that old section. This is a question of policy, and having considered the matter and discussed it, even with the judges of the supreme court, I believe it is better that the section should remain as it is.

Section agreed to.

Preamble agreed to.

Bill reported, read the third time and passed.

COMBINES INVESTIGATION ACT

PROVISION FOR ADMINISTRATION BY COMMISSIONER UNDER MINISTER OF LABOUR

The house resumed from Monday, March 1, 1937, consideration in committee of Bill No. 41, to amend and consolidate the Combines Investigation Act and amending act—Mr. Rogers—Mr. Sanderson in the chair.

On section 2—Definitions.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Chairman, section 2 of this bill contains, by way of definition of a combine, all its material enactments with the exception of two or three, and in discussing this section I should like to refer casually at least to the other two or three sections which must be read in connection with it in order to obtain a clear understanding of section 2.

The act purports to provide for the investigation of certain matters by a commissioner appointed by the governor in council, who shall report to the Minister of Labour. It is within the legislative competence of the parliament of Canada to enact a statute authorizing an inquiry or investigation into any subject or class of subjects within the legislative jurisdiction of the parliament of Canada or necessarily incidental to such inquiry. If the subject or class of subjects into which such an inquiry purports to be authorized is not within the legislative jurisdiction of parliament, in such case the attendance of witnesses, the giving of oral evidence or the production of papers cannot be compelled by the commission or commissioner conducting the inquiry. Therefore in order to ascertain how far an inquiry and investigation of this kind is within the legislative jurisdiction of this parliament it is necessary to consider the subject of the investigation or inquiry.

The acts that are to be investigated are all, in their civil aspects, matters of property and civil right which normally are within the legislative jurisdiction of the provinces, but which parliament has declared or is now about to declare to be criminal acts and which, by such declaration of criminality, are brought or are to be brought within the legislative jurisdiction of this parliament. The declarations which have already been made by parliament are found in sections 498 and 498A of the criminal code. Section 498 reads as follows:

> Every one is guilty of an indictable offence and liable to a penalty not exceeding four thousand dollars and not less than two hundred dollars, or to two years' imprisonment, or, if a corporation, is liable to a penalty not exceeding ten thousand dollars, and not less than one thousand dollars, who conspires, combines, agrees or arranges with any other person, or with any railway, steamship, steamboat or transportation company,
>
> (a) to unduly limit the facilities for transporting, producing, manufacturing, supplying, storing or dealing in any article or commodity which may be a subject of trade or commerce; or
>
> (b) to restrain or injure trade or commerce in relation to any such article or commodity; or
>
> (c) to unduly prevent, limit, or lessen the manufacture or production of any such article or commodity, or to unreasonably enhance the price thereof; or
>
> (d) to unduly prevent or lessen competition in the production, manufacture, purchase, barter, sale, transportation or supply of any such article or commodity, or in the price of insurance upon person or property.
>
> 2. Nothing in this section shall be construed to apply to combinations of workmen or employees for their own reasonable protection as such workmen or employees.

This section was in effect amended by the addition of paragraph A in section 9 of chapter 56 of the statutes of 1935, amending the criminal code. The amendment is as follows:

> 498A. (1) Every person engaged in trade or commerce or industry is guilty of an indictable offence and liable to a penalty not exceeding one thousand dollars or to one month's imprisonment, or, if a corporation, to a penalty not exceeding five thousand dollars, who
>
> (a) is a party or privy to, or assists in, any transaction of sale which discriminates, to his knowledge, against competitors of the purchaser in that any discount, rebate or allowance is granted to the purchaser over and above any discount, rebate or allowance available at the time of such transaction to the aforesaid competitors in respect of a sale of goods of like quality and quantity;

The provisions of this paragraph shall not, however, prevent a cooperative society returning to producers or consumers, or a cooperative wholesale society returning to its constituent retail members, the whole or any part of the net surplus made in its trading operations in proportion to purchases made from or sales to the society;

(b) engages in a policy of selling goods in any area of Canada at prices lower than those exacted by such seller elsewhere in Canada, for the purpose of destroying competition or eliminating a competitor in such part of Canada;

(c) engages in a policy of selling goods at prices unreasonably low for the purpose of destroying competition or eliminating a competitor.

Sections 498 and 498A of the criminal code have been found by the judicial committee of the privy council to be within the legislative jurisdiction of Canada. I respectfully submit that if any other civil acts, matters or things are now to be declared criminal, such declaration should properly take the form of a criminal enactment by way of amendment to the existing criminal code. The criminal code should contain the material provisions constituting crimes in Canada, and providing the penalties for crimes. Bill No. 41 contains provisions in the nature of criminal enactments which are far more extensive than the provisions of the criminal code. The material provisions of the criminal code are extended by the definitions expressed in paragraph 2 of the bill, the material parts of which are as follows:

2. In this act, unless the context otherwise requires,

(1) "combine" means

(a) a combination of two or more persons by way of actual or tacit contract, agreement or arrangement having relation to any article or commodity which may be a subject of trade or commerce and having or designed to have the effect of

(i) limiting facilities for manufacturing, producing, transporting, supplying, storing or dealing, or

(ii) preventing, limiting or lessening manufacture or production, or

(iii) fixing a common price or a resale price or a common rental, or

(iv) enhancing the price, rental or cost of any article, storage or transportation, or

(v) preventing or lessening competition in or substantially controlling, within any particular area or district or generally, manufacture, production, purchase, barter, sale, storage, transportation, insurance or supply, or

(vi) otherwise restraining or injuring trade or commerce;

I suggest that in a consolidation of the existing law, as this act purports to be, if a combine is to be defined in new language it should be defined in language corresponding to the provisions of sections 498 and 498a of the criminal code, and that in fact the provisions in section 2 of the bill are necessary only if it is intended to set up in respect of certain dealings a new criminal code, collateral to and to be administered separately and differently from sections 498 and 498a, which are the substantial enactments.

[Mr. Cahan.]

The bill proceeds in section 2 to define the words "merger, trust or monopoly," and to extend the criminal provisions of the existing act by enlarging these definitions so as to establish new crimes with respect to which the bill will provide penalties. Paragraph (b) of section 2 is as follows:

(b) a merger, trust or monopoly

which combination, merger, trust or monopoly has operated or is likely to operate to the detriment or against the interest of the public, whether consumers, producers or others; . . .

(4) "merger" means the combination resulting from the consolidating or amalgamating of the whole or part of the businesses of any two or more persons, or resulting from the purchase, lease or other acquisition by any person of any control over or interest in the whole or part of the business of any other person;

The new definition is of trust and monopoly, and reads:

(7) "trust" and "monopoly" mean one or more persons who, within any particular area or district or generally,

(a) substantially control any class or species of business, or

(b) have such control over the supply or distribution of or the demand for products of any class or species of business as to enable such person or persons to maintain, enhance or substantially modify or control prices of such products.

In the 1935 act, which is the existing law and which this bill proposes to amend, the definition of "combine" as contained in section 1 differed very materially from the definition in the present bill. I quote from the existing act:

(1) "Combine" means a combination having relation to any commodity which may be the subject of trade or commerce, of two or more persons by way of actual or tacit contract, agreement or arrangement having or designed to have the effect of,

(a) limiting facilities for transporting, producing, manufacturing, supplying, storing or dealing, or

(b) preventing, limiting or lessening manufacture or production, or

(c) fixing a common price or a resale price, or a common rental, or a common cost of storage or transportation, or

(d) enhancing the price, rental or cost of article, rental, storage or transportation, or

(e) preventing or lessening competition in, or substantially controlling within any particular area or district or generally, production, manufacture, purchase, barter, sale, storage, transportation, insurance or supply, or

(f) otherwise restraining or injuring trade or commerce, or a merger, trust or monopoly,

which combination, merger, trust or monopoly has operated or is likely to operate to the detriment or against the interest of the public, whether consumers, producers or others.

It will be noticed that the words "merger, trust or monopoly" in clause (f) of section 1 of the existing law, which is now to be repealed, were qualified by the words "having or designed to have the effect of" clauses (a), (b), (c), (d), and (e) and they were also qualified by the words "has operated or is likely to operate to the detriment or against the interests of the public." In other words, in constituting a crime under the existing act the combination formed or organized must have been designed to have the effect of violating the material provisions of section 498 of the criminal code, and it must have operated or be likely to operate to the detriment or against the interest of the public. There was not only a criminal intent implied in its being designed to have a certain effect which would be a violation of section 498 of the criminal code, but it must also have operated or have been likely to operate to the detriment or against the interest of the public. In the present bill the words "merger, trust or monopoly" are no longer qualified by the clauses of section 2, subsection 1 of the existing act which I have just read. The merger, trust or monopoly, which is declared by this bill to be criminal, is not defined as it is in the existing law, nor are the provisions relating to criminality expressed in the same terms. The definition of "merger" is also changed substantially in subsection 4 of section 2.

Mr. THORSON: Will the hon. member elaborate further?

Mr. CAHAN: Perhaps the hon. gentleman will permit me to proceed; we will have the whole forenoon for elaboration. Subsection 4 of section 2 of the existing act provides:

(4) "Merger, trust or monopoly" means one or more persons

(a) who has or have purchased, leased or otherwise acquired any control over or interest in the whole or part of the business of another; or

(b) who either substantially or completely control, throughout any particular area or district in Canada or throughout Canada the class or species of business in which he is or they are engaged;

and extends and applies only to the business of manufacturing, producing, transporting, purchasing, supplying, storing or dealing in commodities which may be the subject of trade or commerce: Provided that this subsection shall not be construed or applied so as to limit or impair any right or interest derived under the Patent Act, 1935, or under any other statute of Canada.

The words which limit the extension and application of this definition and which appear in the existing act, are eliminated from the present bill, as is the provision that subsection 4 shall not limit or impair any right or interest derived under the Patent Act, 1935. To the last mentioned elimination I shall refer later.

The definitions of "trust" and "monopoly" in subsection 7 of section 2 are changed materially by the addition of paragraph (b). The subsection in the present bill provides:

(7) "trust" and "monopoly" mean one or more persons who, within any particular area or district or generally,

(a) substantially control any class or species of business, or

(b) have such control over the supply or distribution of or the demand for products of any class or species of business as to enable such person or persons to maintain, enhance or substantially modify or control prices of such products.

In my judgment that change is not in accord with sound public policy. Is the producer a criminal because he alone has scientific knowledge or practical experience to enable him to produce a certain commodity, and because he alone is qualified to produce that commodity? Should he be stigmatized in a statute of this kind with criminality?

Mr. ROGERS: Is this not solely a definition? Is my hon. friend not dealing at this time with the definition of "trust" and "monopoly"?

Mr. CAHAN: Quite so, and this bill is to extend crime by definition—that is exactly what it does.

Mr. ROGERS: Only if the operation is against the public interest.

Mr. CAHAN: We will assume, for example, that one or more persons own or control a factory for producing and refining sugar from beets which are produced by farmers in the district in which the factory is located, and that the factory so located is the sole market for sugar beets in that district. This factory was admittedly designed to operate; but it was never designed to operate and never has operated to the detriment or against the interests of the public, whether producers of beets, or consumers of sugar, or any other persons whomsoever. Yet, I suggest, if it is conceived that this factory is likely at some future time to operate against the interests of the public, whether consumers of beet sugar or producers of sugar beets, that mere likelihood constitutes the factory a monopoly within the meaning of this clause, and its owners, who are privy to the establishment of the factory, are liable to a fine of $25,000 and imprison-

ment for two years or to both fine and imprisonment under the penalty clauses of this act.

Mr. MACKENZIE KING: Not because it is a monopoly.

Mr. CAHAN: Certainly, because it is a monopoly, and so defined as a combine.

Mr. MACKENZIE KING: Is there not the further circumstance that the monopoly must be shown to operate to the detriment of the public?

Mr. CAHAN: No. That is one of the contentions I am making; that is not necessary under this bill. I will risk considerable on that assertion. Each and every owner of a patent right by reason of the exclusive nature of that right is liable to indictment under the definition given in this section 2, subsection 7, clause (b) of this bill.

Section 45 of the Patent Act, 1935, provides:

45. Every patent granted under this act shall contain the title or name of the invention, with a reference to the specification, and shall, subject to the conditions in this act prescribed, grant to the patentee and his legal representatives for the term therein mentioned, from the granting of the same, the exclusive right, privilege and liberty of making, constructing, using and vending to others to be used the said invention, subject to adjudication in respect thereof before any court of competent jurisdiction.

That is, subject to adjudication as to the validity of his patent. Each patentee is granted by the law of this land, and by the laws of other lands with which we have entered into a convention, and has exclusive rights and privileges as provided by the terms of his patent, similar to the exclusive rights and privileges which are mentioned in our statute. Yet section 32, subsection 1 of this bill provides:

32. (1) If the owner or holder of any patent issued under the patent laws of the Dominion of Canada has made use of the exclusive rights and privileges which as such owner or holder he controls so as to contravene the provisions of section thirty-four of this act, such patent shall be liable to be revoked.

I should like to know how it is possible for him to exercise his patent right without infringement of section 34. I will admit that section 34 is confused drafting such as one seldom sees; nevertheless it will require clarification if we are to preserve the exclusive patent right of the individual holder of a patent.

Mr. BENNETT: And discharge our international obligations.

Mr. CAHAN: And discharge international obligations.

[Mr. Cahan.]

Mr. ROGERS: I might say that that matter has been looked into. An amendment will be offered when we reach that section.

Mr. CAHAN: Then, subsection 2 of section 32 provides:

(2) If the commissioner reports that a patent has been so made use of, the Minister of Justice may, on the application of the minister, exhibit an information in the Exchequer Court of Canada praying for a judgment revoking the patent; and the court shall thereupon have jurisdiction to hear and decide the matter and to give judgment revoking the patent, or otherwise, as the evidence before the court may require.

I will not proceed further with the discussion of that clause until the amendment is proposed as suggested. But section 34, which applies to the whole bill, provides:

34. Every one is guilty of an indictable offence and liable to a fine not exceeding twenty-five thousand dollars or to imprisonment for a term not exceeding two years, or to both fine and imprisonment, or if a corporation to a fine not exceeding one hundred thousand dollars, who is a party or privy to or knowingly assists in the formation or operation of a combine within the meaning of this act.

What is the meaning of the provision in section 32 of the bill? When will an owner of a patent contravene section 34? Certainly, as the minister has suggested, these two sections require further clarification. I will admit that subsection 3 of section 41 provides that no prosecution under section 34 of this bill can be commenced otherwise than at the instance of the Attorney General of Canada or of the attorney general of a province, but so wide is the application of the provisions of the bill that its terms may be used for an entirely different purpose, namely for purposes of intimidation to effect other indirect purposes. A bill with such wide and extensive application as is given to this bill by the definitions which are to be enacted is an attempt to enable this government to investigate a wide range of subjects which are within the exclusive civil jurisdiction of the provinces and which only becomes subjects of investigation by parliament when those civil rights are made criminal wrongs by declaratory amendments of the criminal law of the country. Therefore either the object is to make civil rights criminal which have never before been deemed to be criminal in the history of our own criminal law, or it is an attempt to introduce into this act certain civil rights which are not criminal, ostensibly for the purpose of permitting an investigation by a commission or commissioner appointed by this government.

In fact, so complicated are the provisions of this bill that in my opinion it should have

been referred upon its introduction to a special committee of not more than seven or nine members of this house before whom persons interested might have been given an opportunity to be heard, and the committee might have clarified its terms after hearing the witnesses or their counsel. I suggest that it is impracticable to discuss and to amend a complicated measure of this kind in committee of the whole house. It affects every business interest in the country no matter how honourably that business is being conducted. It affects it in the sense of making the owners or official managers of that business criminals, though operating without any criminal intent or without any prejudice to the public interest, if the minister, or the commissioner acting under his direction, conceives that they are likely at some future time so to operate. It seems to me to be in the nature of criminal legislation and might be compared to a psychological examination, by the medical authorities, of all the youth of the country, from which it is concluded that one or more are likely to be guilty of offences in the future. Thereupon they are convicted of crime by the fact of not being quite up to the standard, or, if up to the standard, of being in such mental and physical health that they are likely at some time in the future to commit criminal offences and should therefore, be decapitated at once or be sentenced to imprisonment for all time.

Mr. ROGERS: If they carry firearms it is a criminal offence.

Mr. CAHAN: That is a criminal offence, yes. But here you are providing that business honestly conducted, with respect to which there is no criminal intent, shall be a criminal offence under this statute, to be investigated and punished with the penalties I have indicated.

I, for one, am perfectly willing and anxious to frame laws imposing heavy penalties upon every business which in fact is found to be acting in violation of the law, or every business which is founded with the design or intent of violating the provisions of the law. But I certainly suggest that this bill goes farther than that; it provides for a star chamber investigation under the supervision of the Minister of Labour, an investigation that may be used for ulterior and indirect purposes, which should not be possible. In fact, to express an opinion without any disrespect to the Minister of Labour, I think that, in view of the conditions that now prevail in Canada and the magnitude and ramifications of the several branches which are under his administration, it would have been far better to place the administration of this act where it belongs, with the Department of Trade and Commerce, because in so far as its object is legitimate it deals with and attempts by criminal law to regulate the domestic trade and commerce of the country.

Mr. ROGERS: I should like to take up in order the several points raised by the hon. member for St. Lawrence-St. George. In doing so I think he will understand that, in dealing with the purely legal questions to which he has referred, I shall speak with deference to his own wide knowledge of that phase of the subject.

As I understand it he questioned first the propriety of our proceeding in the way now proposed, namely, to create a criminal offence by a statute of this parliament and not by an amendment to the criminal code. I have no doubt he will recall that in the historical evolution of anti-combines legislation in Canada, we did at first proceed precisely in this way. In 1889 parliament passed an act for the prevention and suppression of combinations formed in restraint of trade. Three years later the present section 498 of the criminal code replaced the act originally passed in 1889. But the real purpose of the combines legislation from the very beginning has been not so much to create a new offence as to provide the means, through investigation, by which the evidence could be determined with respect to the commission of the offence.

In this connection I might very well quote the words of the present Prime Minister as reported at page 988 of Hansard of 1923:

> The legislation which the government is introducing proceeds on the theory that the reason why section 498 of the criminal code is of so little effect is not that there are no combinations that are detrimental to the public or that such combinations are rare, but rather that the existence of these combinations, and their method of operation is difficult to discover; that what is needed is effective machinery of investigation which will disclose the existence of combines operating to the detriment of the public, and afford the information whereby proceedings under the criminal code can be made really effective in the case of individuals who are violating its provisions, or who are associated with combines that are operating to the detriment of the public.

That, I take it, is the purpose behind the original legislation with respect to combines, and certainly no change is contemplated in the bill now before the house. As a matter of fact—and of this I believe the hon. member is well aware—when criminal proceedings have been taken in regard to offences under the combines act it has been customary for the information to be laid under both the combines act and section 498 of the criminal code. That procedure I believe, has been followed as a general rule. But the real under-

lying purpose of the legislation is to provide proper machinery of investigation through which evidence may be obtained upon which the information may be laid for a criminal proceeding.

My hon. friend proceeded next to deal with the definition of a combine in the proposed bill, and as I understood him he drew a distinction between this and a similar provision in the combines act of 1935. I have read the two sections and it does not appear to me that there is the significant distinction which he sought to emphasize. As I recall it, his point was that in the act of 1935 it was necessary to prove that a combination was designed to operate to the public detriment.

Mr. CAHAN: Either that it did or was designed to.

Mr. ROGERS: Actually, in both the 1935 act and the present bill, the word "designed" occurs in the definition of a combination. I quote first from the bill now before the committee:

2. (1) (a) a combination of two or more persons by way of actual or tacit contract, agreement or arrangement having relation to any article or commodity which may be a subject of trade or commerce and having or designed to have the effect of—

And then follow a number of operations.

Mr. CAHAN: Quite so, but that did not apply. my contention was in respect to a merger, trust or monopoly mentioned in subsection (b).

Mr. ROGERS: But even here, as I understand, there is nothing to suggest that there must be design. And it is not found in the act of 1935. Certainly both in the 1935 act and in the present bill the word "designed" is related rather to particular operations, which were so to speak to constitute a combination in the sense given in the act.

Mr. CAHAN: No, certain operations which are deemed criminal in the criminal code and are summarized here.

Mr. ROGERS: But you proceed in each case to the clause which actually creates the offence, and in each case, as I have the act of 1935 before me and the bill before me, it appears that an offence is created when either a combination or a merger or a monopoly has operated or is likely to operate to the detriment of or against the interest of the public, whether consumers, producers or others. For that reason I am bound to say that I cannot follow the distinction made by the hon. member between the act of 1935 and the bill which is now before the committee.

[Mr. Rogers.]

Then my hon. friend proceeded to the definitions given in the present bill of monopoly and merger, and as I understood him he sought to leave the impression that the mere fact of a particular type of organization falling within the definition of one of these terms would of itself stamp that organization as of a criminal character. Surely that is not the intent of this section. Surely that is not a proper construction of these provisions; although in saying that I speak once more with great deference to the legal knowledge of my hon. friend. You have here a number of definitions of particular types of business organization. For example if this were confined solely to combinations it might mean that a number of distinct business units, industrial or commercial, could organize and agree among themselves to do certain things which would be criminal either under this act or under section 498 of the criminal code, but that these same identical industrial or commercial units could form themselves into another type of organization, a monopoly or merger, and by that means through the ingenuity of legal counsel, evade the provisions of the act. Surely the purpose of this is rather to prevent just that sort of thing occurring.

Mr. CAHAN: Is the purpose of this to make the organization a criminal organization?

Mr. ROGERS: No, the purpose rather is to bring it within the ambit of the act.

Mr. CAHAN: That is what I mean.

Mr. ROGERS: But a combination of itself is not declared to be illegal under this bill. It is only when it operates to the public detriment.

Mr. CAHAN: Well, when is it illegal under this bill?

Mr. ROGERS: A combination operating to the public detriment, a monopoly operating to the public detriment, a merger operating to the public detriment; all these become criminal only to the extent that they operate to the public detriment.

Mr. CAHAN: That is not in this bill. I will risk anything on that. The wording is, "has operated or is likely to operate to the detriment . . . ." According to the statement of my hon. friend, a monopoly once formed, if there is any likelihood of its operating to the public detriment, is criminal before it actually does so operate.

Mr. ROGERS: Only if so determined by the courts, that it is likely to operate to the public detriment. Surely that is a matter to

be determined by the courts. The act does not say it is criminal before either an investigation under this act or proceedings following upon such investigation have declared that such operations are against the public interest or are likely to operate against the public interest.

In speaking of this phase of the question I should like to emphasize that there are various provisions of the criminal code which declare to be illegal acts which of themselves are perfectly innocent, but which create a reasonable inference that if they are committed they will lead to consequences which it is desirable in the public interest to avoid.

Mr. BENNETT: That is too broad a statement.

Mr. ROGERS: I am going to refer to particular sections, and if my statement is too broad perhaps the sections I quote will serve to modify it.

111. Every one is guilty of an indictable offence and liable to imprisonment for life who wilfully causes, by any explosive substance, an explosion of a nature likely to endanger life or to cause serious injury to property, whether any injury to person or property is actually caused or not.

I should like to emphasize that phrase, "whether any injury to person or property is actually caused or not."

Mr. BENNETT: That has no relation to this.

Mr. CAHAN: He must at least cause the explosion before he becomes a criminal.

Mr. ROGERS: Section 122:

Everyone who, without lawful excuse, points at another person any firearm or air gun, whether loaded or unloaded—

Mr. CAHAN: That is criminal intimidation.

Mr. ROGERS:

—is guilty of an offence . . .

221. A common nuisance is an unlawful act or omission to discharge a legal duty, which act or omission endangers the lives, safety, health, property or comfort of the public, or by which the public are obstructed in the exercise or enjoyment of any right common to all His Majesty's subjects.

Mr. CAHAN: There it endangers life.

Mr. ROGERS: I have a number of these here which I might read—

Mr. BENNETT: I hope they have more applicability to the case.

Mr. ROGERS: —but I do not know that it is necessary to place them on Hansard. But surely these touch upon the point raised by the hon. member for St. Lawrence-St. George. We do recognize that there are acts which of themselves are innocent but, due to the special character of those acts, there is a reasonable and probable consequence that if they are committed there will be some further harm to the community. I might even mention something with which we are all familiar, namely the penalties that attach to traffic passing a red light. It does not matter whether the street is clear; if you pass a red light you are doing something which under ordinary circumstances would be harmful to the community.

Mr. CAHAN: You are violating an ordinance of the city.

Mr. ROGERS: Speaking particularly of that expression "likely to operate," it is not new; it does not appear in this bill for the first time. It was in the board of commerce act; it was in the combines act of 1923 and the combines act of 1935. There is nothing new attempted here.

Mr. CAHAN: But in the act of 1935 the corresponding words were "having or designed to have the effect."

Mr. ROGERS: Let me read, if I may, clause (f) of both acts. First, I will read clause (f) of the act of 1935:

(f) otherwise restraining or injuring trade or commerce or a merger—

I should correct that. The latter part of this section applies to all preceding clauses, and it is the latter part of the section that really creates the offence. The first part deals with a combination, and then follow these words:

—or a merger, trust or monopoly, which combination, merger, trust or monopoly has operated or is likely to operate to the detriment or against the interest of the public, whether consumers, producers or others.

I direct attention to the fact that the word "designed" does not appear anywhere in that clause.

Mr. CAHAN: If the minister would permit me to interrupt for a moment, this illustrates the difficulty of discussing in a committee of this house a complicated measure such as this. The minister is dealing with the act of 1935. In that act you have section 1 and then you have clauses (a), (b), (c), (d), and (f) under that section. Under the other provisions of section 1, having relation to any commodity which may be the subject of trade or commerce, these words appear:

—of two or more persons by way of actual or tacit contract, agreement or arrangement having or designed to have the effect of—

Those words apply to all the branches of that section.

Mr. ROGERS: Surely that applies only to combinations.

Mr. CAHAN: But you are defining a merger as a combination.

Mr. ROGERS: Certainly my understanding of it is that the phrase used by my hon. friend attaches rather to the definition of a combination. Let me read it:

"Combine" means a combination having relation to any commodity which may be the subject of trade or commerce, of two or more persons by way of actual or tacit contract, agreement or arrangement having or designed to have the effect of—

Mr. BENNETT: That is the old definition?

Mr. ROGERS: Yes. Then follow paragraphs (a), (b), (c), (d), (e) and the first part of (f), "otherwise restraining or injuring trade or commerce." Then follow these words:

—or a merger, trust or monopoly, which combination, merger, trust or monopoly has operated or is likely to operate to the detriment or against the interest of the public, whether consumers, producers or others.

Mr. CAHAN: It is a combination and, being a combination, these words "having or designed to have" apply to it. However, I beg my hon. friend's pardon for interrupting.

Mr. ROGERS: I am informed that there was a defect in the printing of the act of 1935, and that brings very close together clause (f) and what follows, as relating to the entire section. But surely it is a proper construction of this that the offence is created not by particular design but rather by evidence showing that a combination, as so defined, or a merger, trust or monopoly has in fact operated or is likely to operate to the detriment of the public.

Right Hon. R. B. BENNETT (Leader of the Opposition): Unfortunately that is not what it says. I do think this measure should be before a committee. I listened with extreme care to what was said by my colleague from St. Lawrence-St. George and by the minister. No one can take the second section of this bill without realizing that it never should be dealt with and disposed of in this way as it now stands. We had the act before 1935, and the interpretation or definition was entirely different from what it now is. If the minister will be good enough to look at his own explanatory notes he will find that there he gives the definition of a combine as it was in the old statute. That definition in the old statute is clear and plain. Just let us look at it. It defines the word "combine" to start with. In this statute the word "combine" means a combination; that is the first part. Then, having relation to any commodity which may be the subject of trade or commerce; that is the subject matter with respect to which the combination must exist. Then it states how many people must combine; two or more persons, by way of actual or tacit contract. That met the sort of case that developed in the United States, where there was nothing in writing but just an understanding or agreement, as they called it. Then follow the words "agreement or arrangement," but they all refer to the words "having or designed to have the effect of."

Let us keep those words in mind. Under the old agreement they had to have the effect or they must be designed to have that effect; in other words the court, in construing the facts before it, might not have the whole thing in the one document, but by taking everything together, acts and documents, it might conclude that they were designed to have the effect.

There on the one hand they must have the effect or on the other hand they must be designed to have the effect, and what must they have the effect of doing or be designed to have the effect of doing? That is the next question, the relevant question, the important question, the gravamen of the whole. Under paragraph (a) they must either limit or be designed to limit facilities for transporting, producing, manufacturing, supplying, storing or dealing in a commodity of trade or commerce. That is the subject matter we must keep in mind. Or, under paragraph (b), they must have or be designed to have the effect of preventing, limiting or lessening manufacture or production of a commodity of trade or commerce. Or, under paragraph (c) they must have or be designed to have the effect of fixing a common price or a resale price, or a common rental, or a common cost of storage or transportation of a commodity of trade or commerce. Or, under paragraph (d) they must have or be designed to have the effect of enhancing the price, rental or cost of article, rental, storage or transportation. Or, under paragraph (e) they must have or be designed to have the effect of preventing or lessening competition in or substantially controlling within any particular area or district or generally, production, manufacture, purchase, barter, sale, storage, transportation, insurance or supply, or be designed to have the effect of otherwise restraining or injuring trade or commerce.

Mr. FACTOR: Stop there.

Mr. BENNETT: No, no; it must have the effect or be designed to have the effect of a merger or monopoly; otherwise it is senseless.

Mr. FACTOR: This is a separate paragraph.

Mr. BENNETT: Not at all; the words are definite, and they are these: "having or designed to have the effect of a merger, trust or monopoly, which combination, merger, trust or monopoly has operated or is likely to operate to the detriment or against the interest of the public, whether consumers, producers or others."

Mr. FACTOR: Does not that all mean that a combine means a combination or merger?

Mr. BENNETT: No, because it is governed by the words contained in the subject; no one in court would argue it for five minutes. What are the governing words?—"arrangement. . . having or designed to have the effect of. . . a merger, trust or monopoly." All you have to do is to look at the definition, and then we will have it settled.

The draftsman has said that this is an amendment and consolidation of the two acts, but when he comes to the second section he says: "This is section 2 (1) of the existing act, further divided into paragraphs for convenience in reading. The words in the clauses vertically lined have been transposed." And in the transposition we have the result to which the hon. member for St. Lawrence-St. George referred. That is the result of this transposition. "Unless the context otherwise requires," according to the section now before the committee, the word "combine" means—well, what does it mean? It means (a) divided into (i), (ii), (iii), (iv) and (v). That may make convenience in reading; but if anything is calculated to make confusion it would be to take the paragraphs under the letter (a) and divide it into (i), (ii), (iii), (iv) and (v). That is what you call simplicity and clarity, but in court lawyers would have to say paragraph (i) clause (a)—no, it is not even that: it is clause (i) of clause (a) of subsection (1) of section 2. That is the clarification and simplicity of it. That is the trouble with this act as it is now designed.

The word "combine" is defined and, mark you, what is the definition of "combine." It is "a combination of two or more persons by way of actual or tacit contract, agreement or arrangement having relation to any article or commodity which may be a subject of trade or commerce and having or designed to have the effect of" —and there is where the word "designed" comes in again—"having or designed to have the effect of" (i), (ii), (iii), (iv) and (v). Then we come to (vi), which refers to restraining or injuring trade or commerce.

Then (b) is a subdivision, not of (a) but of the definition of the word "combine," as it is now arranged.

Mr. ROGERS: Yes.

Mr. BENNETT: And as so declared it is at variance with the old statute.

Mr. FACTOR: The same as the other statute, except that it is clarified in the transposition of the words.

Mr. BENNETT: The hon. member's mind must be more susceptible to clarification than mine. I suppose it is, because of his wide experience in the matter.

Mr. FACTOR: Oh, no.

Mr. BENNETT: All I can say is this, that when you suggest that the definition is clarified, you could not even cite the new section, as you could before. If you had to argue it before a judge, how would you do it? Let us look at the old section, under the word "definitions." We find paragraphs (a), (b), (c) and (d). Now you get another (b). Mark you, that is what a combine means. Combine means (b), not as stated here; combine means "(b), a merger, trust or monopoly."

Mr. DUNNING: As well as (a).

Mr. BENNETT: As well as all this in (a); that is what it says.

Mr. ROGERS: The right hon. gentleman has suggested that a combine means all in (b) and (a).

Mr. BENNETT: Yes, all of this in (a).

Mr. ROGERS: But surely the clauses refer—

Mr. LAPOINTE (Quebec East): Plus (b).

Mr. BENNETT: Yes.

Mr. ROGERS: But under (a) are the various operations of a group of units which would bring them within the definition of a combine.

Mr. BENNETT: No; the word "combine" is arbitrarily defined by the statute. A combine means (a) a combination "of two or more persons by way of actual or tacit contract, agreement or arrangement having relation to any article or commodity which may be a subject of trade or commerce and having or designed to have the effect of"—and then follow (i), (ii), (iii), (iv), (v) and (vi).

Mr. CAHAN: Violations of criminal statutes.

Mr. BENNETT: Yes, violations of criminal statutes. "Designed" is the whole point there. That is, it is designed to have the effect, and so on. The difference between "effect" and "designed to have the effect" is this: If from the evidence it is clear to the court that the effect of it is to be seen in the result, that is the end of it. But if the result has not yet accrued and the design is there, there is still guilt.

Mr. ROGERS: But that does not create an offence.

Mr. BENNETT: I am coming to that. You come to the word "combine" in (a) and the subdivisions of (a). But combine also means something else; it means "a merger, trust or monopoly."

Mr. ROGERS: Yes.

Mr. BENNETT: But it says "which combination"—now, that is inaccurate drafting. It should be "which combine, merger, trust or monopoly" because the word "combination" has not been used heretofore with respect to it, except in (a). It says that a combination of two or more persons—

Mr. WOODSWORTH: Surely the word "combination" can be used in two connections.

Mr. BENNETT: Certainly.

Mr. WOODSWORTH: It is not exclusively to be confined to one. It seems to me the leader of the opposition is only tending to make this matter much more complicated than it really is.

Mr. BENNETT: The hon. member is entitled to his opinion.

Mr. WOODSWORTH: Surely.

Mr. BENNETT: And I am delighted to have it.

Mr. WOODSWORTH: Surely. I believe we are supposed to be considering this matter, and since a number of other speakers have been checked, I fancy that although some of us may not be lawyers, at least we can understand the English language.

Mr. BENNETT: I will now proceed with the discussion on the point. The next definition of "combine" is "(b) a merger, trust or monopoly; which combination, merger, trust or monopoly has operated or is likely to operate to the detriment or against the interest of the public, whether consumers, producers or others." Now, keep in mind that these words should be made applicable, as my colleague reminds me, to (a), if they are to have any meaning at all. But as it stands now, they do not. That is the difficulty he pointed out in his remarks. As they stand now (b) is "a merger, trust or monopoly; which combination, merger trust or monopoly has operated" and so on. If that makes it as clear as it is written in the statute at present, then I cannot understand the language. It combines at the present time, under inappropriate heads, what was clearly stated in the act which was put through the house by the present Prime Minister. This may be an improvement; the gentleman responsible for it says it is, but I cannot see it.

Now let us go a step farther in the matter. That is how you define a combine, under this measure. Under the old statute the situation was entirely different. We then get the definition of the word "commissioner" and of the word "corporation." Then we come to the definition of the word "merger." After we have declared that a combine is a merger—keep in your mind that section 1 (b) says a combine means a merger, trust or monopoly—in subsection 4 we have "merger" defined. The principal word "combination" in that definition is the word which is used in paragraph (a). There is a confusion in the use of words. Whether or not an hon. member be a lawyer, I think he will be confused with the use of the words in paragraph (b) and subsection 4. He will see that the word "combination" is the governing word.

Mr. MACKENZIE KING: The governing word is "combine."

Mr. BENNETT: That is the word being defined. Subsection 4 gives the definition of a merger as a combination resulting from the consolidating or amalgamating of the whole or part of the businesses of any two or more persons, or resulting from the purchase, lease or other acquisition by any person of any control over or interest in the whole or part of the business of any other person. That definition must be read into paragraph (b) which follows as a part of subsection 1. I do not think it makes sense when it is put that way. That is all I have to say as to that.

Then you come to the definition of "trust" and "monopoly," which is given in subsection 7, as meaning one or more persons who, within any particular area or district or generally, substantially control any class or species of business, or have such control over the supply or distribution of or the demand for products of any class or species of business as to enable such person or persons to maintain, enhance or substantially modify or control prices of such products. This definition of "trust" and "monopoly" is then applied to paragraph (b) in the light of the attempt to define the word "combine." It is wholly misunderstandable,

despite what the hon. member for Winnipeg North Centre (Mr. Woodsworth) has said. There can be no such thing.

I shall not discuss the question of patent rights, as the minister says he intends to deal with that by amendment. I am glad that is so, because it certainly would put us in a most difficult position if he did not do so. We are parties to an international convention which confers upon a patentee the exclusive right to do certain things. This provision provides that by so doing he would be violating the law, which, of course, cannot be the intention of parliament in dealing with this matter.

Mr. MACKENZIE KING: To see if I understand what my right hon. friend has in mind, is it that it would remove the obscurity if the words 'combination, merger, trust or monopoly" in line 29 were removed? The section would then read:

> In this act, unless the context otherwise requires,
> (1) "combine" means
> (a) a merger, trust or monopoly;
> (b) which has operated or is likely to operate to the detriment or against the interest of the public, whether consumers, producers or others.

Mr. BENNETT: That is what I had in mind. Whether that change would be sufficient, I am not quite sure, but it looks as though it would.

Mr. MACKENZIE KING: I think the taking out of those words would clarify the matter. Is not the other matter to which my right hon. friend is directing special attention the use of the words "likely to" rather than "designed to."

Mr. CAHAN: They should both go together.

Mr. MACKENZIE KING: The words "designed to" appear in paragraph (a) and refer to all that follows.

Mr. BENNETT: In line 12.

Mr. MACKENZIE KING: Then that the words "likely to operate" in paragraph (b) be changed to "designed to operate."

Mr. BENNETT: I think that would help, but I cannot say how far it would go.

Mr. CAHAN: Section 2 (a) deals with a combination having or designed to have the effect of doing certain things which are declared by the criminal code to be criminal. There must be an agreement between two or more persons by means of a tacit contract, agreement or arrangement designed to have the effect of a breach of the criminal law. Either when introducing this measure or some time to-day the Minister of Labour stated that the words "merger, trust, or monopoly" were introduced because it had been found that two or more persons, without making such a contract, agreement or arrangement as indicated in (a), by forming a merger, trust or monopoly might effect the same end. But it must be the merger, trust or monopoly which makes the breach or is intended or designed to make the breaches of the criminal law referred to under the Roman headings (i), (ii), (iii), (iv), (v) and (vi).

Mr. ROGERS: Are those breaches of the criminal law?

Mr. CAHAN: We have made them breaches of the criminal law in section 498. As my hon. friend has said, the whole basis of this act is investigation.

Mr. ROGERS: Under 498 it is a criminal offence only when it has the effect of unduly lessening competition. There is nothing here which of itself creates a criminal offence.

Mr. CAHAN: But you make them criminal offences. You say designed to have the effect of preventing, fixing, enhancing and otherwise restraining or injuring trade or commerce.

Mr. ROGERS: That establishes it as a combination.

Mr. CAHAN: Then you provide by section 34:

> Everyone is guilty of an indictable offence and liable to a fine not exceeding twenty-five thousand dollars or to imprisonment for a term not exceeding two years, or to both fine and imprisonment, or if a corporation to a fine not exceeding one hundred thousand dollars, who is a party or privy to or knowingly assists in the formation or operation of a combine within the meaning of this act.

You make these things criminal offences, and you make the organization of a trust of any kind or the organization of a monopoly, so-called, criminal offences, but they can only be criminal in essence and effect when they are designed to operate or are operated in breach of certain provisions in Roman numerals which you include in paragraph (a) of subsection 1.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. TAYLOR (Nanaimo): I am disposed to be in agreement with the leader of the opposition (Mr. Bennett) in his objections to the construction of clause 2, and I venture to make a suggestion which may preserve the grammatical sequences and probably put the matter right. It is that in subclause (b) the line "a merger, trust or monopoly" might read "a combination, merger, trust or monopoly";

then follows "which combination, merger, trust or monopoly," and so on. It seems to me that that will clarify the whole thing and preserve the idea that was in the mind of the draftsman of the paragraph.

Mr. ROGERS: I thank my hon. friend for his suggestion. It will be remembered that this morning a number of objections were taken to the wording of this clause. Naturally we are anxious to make progress to-day with the bill. I suggest that clause 2 might stand while the objections mentioned this morning are being given consideration by the law officers of the crown.

Mr. BENNETT: I think that is reasonable, but perhaps one or two other objections had better be stated so that they may be considered at the same time.

The suggestion made by my colleague that a bill of this kind would be better administered by the Department of Trade and Commerce is a sound one. It has been made before, of course. The Department of Trade and Commerce touches the whole commercial fabric of the country as the Department of Labour does not. I understand how the matter came in the first instance to the Department of Labour, but it seems to me it would be better in the Department of Trade and Commerce.

It seems to me that the suggestion made by the Prime Minister (Mr. Mackenzie King) to delete the words "combination, merger, trust or monopoly" in the third line from the bottom and to carry it forward in the way he indicated would certainly greatly improve it. The First Minister gathered the point I was trying to make, although I am afraid I did it very abstrusely. On the point of construction, if you consider the definition in subclause 4 in the light of the rest of it, the rearrangement of the clauses would seem to be desirable.

One other point. When the bill came down I mentioned that subsection 7 would be capable of grave abuse; it gives the meaning of "trust" and "monopoly" to one or more persons who within a particular area substantially control any class or species of business. That might mean a lumber yard. As a matter of fact one case of that kind did arise. It might mean a bank, or any other particular class or kind of business that one person had in the community. And when you begin to talk about controlling it, in view of the fact that nobody else is there, and that one person does mean control, surely some words must be necessary for the purpose of preventing abuses. You can easily get people to allege, when there is only one business in a community, and that, probably, not making any money, that it is highly desirable that that business should not operate alone, that there should be two or more businesses for the purpose of meeting the wishes of some who cannot receive at the hands of the one business accommodation to which they are not entitled. The cases I could give the committee on that point are, I think, voluminous.

I looked casually at the suggestion with respect to patents. I put this to the committee, and I think the Prime Minister will realize in the light of his own experience how important it is. When we grant a patent we do so in accordance with a commitment which this country made at an international convention. Practically all the more important countries were parties to that convention. In our relevant control act we have provided that if a patentee does not commence operations within a given time he runs the risk of losing his patent. I am not now going into details, but putting the matter in a general way. That being the general international arrangement which we have accepted, to make it possible that a man should lose his patent because he exercises exclusive control under his patent is the very negation of the idea of the patent itself. The whole theory of patent is that he shall have exclusive control; the negation of it is that he may lose it because he exercises that exclusive control, and this bill contemplates his losing it if he does exercise it.

Mr. ROGERS: Against the public interest.

Mr. BENNETT: Yes, but every time a man gets a return on his investment in a patent there are many who say that it is against the public interest. The other day I bought for twenty-five cents a small article —I will not mention what it is, because it is patented. As a matter of fact it represents an investment, I should think, of about two cents. You can argue that it is against the public interest that a man should make a profit of twenty-three cents on an investment of two cents. Nevertheless it will be remembered that the privy council, dealing with the question of express rates on the bridge across the Niagara, where certain tolls were fixed which appeared to be out of all proportion to the return on the money invested, said that there are some services which must be considered in another way altogether; it is the character of the service rendered having regard to the effect it has upon the general conditions of living, and all that sort of thing. There are patents and patents around about us everywhere, and the use of

them creates benefits out of all proportion to the small sum we pay for the articles. But, people will say, it is against the public interest that a man should pay twenty-five cents for something which can be manufactured at a cost of only two cents. For instance, hon. members probably know the circumstances under which Gillette blades first came on the market and how that patent was first presented to the public, the prices that were charged and the obstacles the company had to overcome. The actual cost of production of that article bore no relation to the price which had to be paid for it, and of course there were people who contended that it was not in the public interest that they should pay so high a price. Putting the problem on that ground, it involves a difficulty; but when one remembers that we have an international code dealing with patents, it seems to me that we are certainly striking a blow at the integrity of our country with respect to these matters, because we did become a party to the convention. It was not the late government that did it, but the previous government. Where was the convention held? The Hague?

Mr. CAHAN: The last one was at the Hague in November, 1925.

Mr. BENNETT: I think that covers the whole field. To make this the subject matter of a possible violation of the law of combines is to negative the very idea of a patent.

Mr MACKENZIE KING: May I ask my right hon. friend a question on this patent matter? My recollection is not very clear, because what I am referring to now goes back some thirty years. But as I remember the matter, in the case of the United Shoe Machinery Company, which held a patent for certain machinery used in the making of shoes—

Mr. BENNETT: Goodyear Welts.

Mr. MACKENZIE KING: —it was discovered that the company would not sell that particular device to any concerns unless they bought other machinery from the same company. Now would my right hon. friend say—

Mr. CAHAN: Under our present patent law that would be impossible.

Mr. MACKENZIE KING: That was the case at the time the action was brought against that company, because they were abusing their patent in that way.

Mr. CAHAN: We have amended our patent law to overcome that, absolutely.

Mr. MACKENZIE KING: The case was investigated under the original combines act. It was found that the combines act served to remedy the condition complained of. It may be that out of the remedy at that time the patent law itself has been improved and the possibility of a further like condition removed. But what I was asking the leader of the opposition was whether in his opinion, in an instance of that kind, there was a right use of the patent.

Mr. BENNETT: I can answer that at once; it would not be. The right hon. gentleman is dealing with facts within his own knowledge, and I recall the Goodyear Welt case, which ultimately went to the supreme court of the United States. I would answer the question at once in the negative; I would not consider it proper that a patent should be utilized for the purpose indicated; but our law has already remedied that situation. We have made the necessary improvements by reason of the action that was taken, and there is a general recognition of that fact to-day.

While the convention does not go into details it does deal with what I might call the general acceptance of patents throughout the civilized world. We passed our statute in 1935. The Prime Minister will no doubt recall that when that act was before the house a long argument took place on the question of patents not being used by the owners. The relevant sections of our statute, which are found in the patent acts of all countries, ensure that patented goods will be manufactured in this country; and there are also provisions to deal with any case in which the consumer is being rooked, to use the ordinary colloquial language of the day. The patent can then be cancelled under conditions provided for in the statute itself. The difficulty to which the Prime Minister refers was at one time a real one but it no longer exists, having been already met by legislation. I do think that to insert in the combines act a provision dealing with the patent situation is, to say the least, anomalous and creates a state of affairs which, in my opinion, cannot but be injurious to our own position and the development of our industrial life.

Mr. GLEN: Could the monopoly established by a patent continue to exist if the owner, in conjunction with someone else also owning a patent, operated it to the detriment of the public interest?

Mr. BENNETT: All patents operate to the detriment of the public interest—

Mr. GLEN: I mean, so as to bring it under the act.

Mr. BENNETT: Then you have a conspiracy, and that is covered by the criminal

code as it stands. There is no punishment because one of the parties to the conspiracy happens to be a patentee; the punishment ensues because he happens to be conspiring to something that is illegal. But I am talking about a particular person, a patentee, who has secured from the Dominion of Canada and all other nations that are parties to the Hague convention a patent which gives him the exclusive right to produce a given commodity for a given period of time. The limitation as to time is the safeguard of the public on the one hand, and the limitation of time within which he shall begin production is the public's safeguard on the other. In other words it ensures that the public shall get the benefit of the invention within a limited time, and, secondly, that the public shall not be oppressed in respect of price beyond a given period. That is to say, the idea is no longer an idea that can find expression solely through one particular means, but one that anybody can use.

Mr. GLEN: Suppose the owner of a patent, in conjunction with the owner of another patent of a similar type, carried on some particular business; would he not have destroyed the monopoly created by the grant of the patent and have become subject to the provisions of the combines act?

Mr. CAHAN: Under the statute, any third party interested in such a case may secure a licence to use the patent at a royalty to be determined by the commissioner. If my hon. friend will look at the Patent Act of 1935 he will see that sections 65 and 66 deal with the exclusive right.

Mr. GLEN: My hon. friend has not got my point. When a man is operating under a patent and someone else has also a patent of a similar kind and they combine to operate both patents, each having an interest in his own, but one patent supplementing the other, is not that a combination under the provisions of this act?

Mr. BENNETT: It is punishable, not because they are patentees, but because they have combined. That, however, is beside the question at the moment.

Mr. THORSON: I listened with interest this morning to the discussion of the definition section. With regard to the expression "likely to operate" I would point out that it has been in our law since 1919. It was in the Board of Commerce Act of that year.

Mr. BENNETT: Which was held invalid.

Mr. THORSON: Yes; and it has been in the Combines Investigation Act since 1923. The term has been in our law since that time. In the session of 1935 Bill No. 79 came before the house, and that bill contained the same expression, "likely to operate" to the detriment or against the interest of the public. That bill passed the house on June 20 and went to the senate. The senate made an amendment, substituting for the words "likely to operate" the words "designed to operate." When that amendment came back from the senate the House of Commons adopted a motion of non-concurrence in the amendment, pointing out that the expression "designed to operate" would make it very difficult to do anything with the statute for the reason that intention would have to be proved and that it would be hard to prove any such intention. That motion of non-concurrence was intimated to the senate and the senate did not insist upon its amendment, with the result that the phrase "likely to operate" was restored to the law. In other words, that phrase has been a part of the Combines Investigation Act ever since 1923. Why then should hon. members opposite at this stage seek to change that part of the act?

Hon. H. H. STEVENS (Kootenay East): I wish to say a word or two on this question as it may be affected by the interpretation clause. All that has been said regarding the wording of the Patent Act and the protection of the public, with respect to patents, against failure to manufacture, appeal to the commissioner, and so on, is perfectly sound and I quite agree with it. But there is another phase of the question which I think has not been present in the minds of the committee, at least this afternoon. There is for instance one group in this country, the electrical group, comprising I think five large firms, who manufacture a great variety of electrical equipment and own hundreds of patents. These firms have combined—I am not saying illegally at present; they have one firm of solicitors which acts for the associated firms, and when a merchant attempts to bring goods in from outside on which they have patents in Canada they invoke the terms of the patent act and contend that such goods are illegally offered for sale in this country. The firm of lawyers representing these five large electrical firms will notify such an importer, and there have been cases in which actual action has been taken against the importer. The theory of course is that the patent act grants to the owner of the patent the right to manufacture and distribute those goods. But this patent law is the outcome of an international agreement to which we are parties. This international agreement provides that the goods may be manufactured in the various countries where the patents are registered. Assume

that certain electrical equipment, say a lamp globe, is manufactured legally and properly in the United States under the patent, paying a royalty to the owners of the patent in the United States. My contention is that there ought to be nothing in the patent law which would prevent anyone from bringing those goods in from the United States, provided the patent laws of the United States have been complied with and the required royalty been paid. But that cannot be done; is prevented. The patent therefore tends to operate as a super-tariff against the importation of the goods. The facts can be easily ascertained; there are records of cases in the courts, and I have a file giving many illustrations. Such simple things as ordinary electric light bulbs can be brought into this country, all the rules regarding payment of royalty complied with, and the duty paid, and they can be offered for sale in Canada at twenty, thirty, forty and sometimes as much as fifty per cent below the price charged by the owners of the patent in Canada. In such cases it is obvious that the owners of the patent here are using, or usurping I might say, their powers under the patent act in order to impose a restrictive duty against the importation of these goods. Assuming this statement of the position is correct, and I submit it can be demonstrated, I say there should be some power such as this law might give which would enable the proper department of the government and the officers of the crown to examine into the matter and see whether or not those who control these patents in Canada are committing an offence likely to operate to the detriment of and against the interests of the public, as described in this bill. My contention is that we ought to have some law which would make that practice impossible. That is one of the reasons why I welcomed the Board of Commerce Act, I think it was called, which is still on the statute books, because under that act we were supposed to set up a board before which merchants who might think they had been badly treated could appear and have their complaint heard. I sincerely hope that the government will not overlook the bringing of that board into active operation at the earliest possible date. But I submit that, inasmuch as such a condition may arise, and indeed exists to-day, it is highly desirable that there should be provisions in this law which would enable those who administer it to act in case such a matter is brought to their attention. I want it to be perfectly clear that in saying that I am not criticizing the general provisions of the patent act, which, properly interpreted, I think are just and fair. It is these abuses that I have mentioned that I seek to stop. I am not a lawyer; I do not presume to pass any opinion on the law, but I say that the practice now in vogue under the provisions of the patent act is an abuse of privilege and operates to the detriment of the public. Therefore I suggest that before this provision is abandoned or changed that situation should be considered.

Mr. CAHAN: I understand that this clause is to stand.

Mr. ROGERS: Yes.

Mr. CAHAN: In the meantime the minister might consider dealing with the provision in section 65, subsection (2) clause (c) of the Patent Act, 1935, which declares it to be an abuse of the patent rights if the demand for the patented article in Canada is not being met to an adequate extent and on reasonable terms. If there is an abuse, not only has the commissioner the right to intervene, but my memory is that the attorney general has the right of intervention in certain cases in order to have the patent declared void by the Exchequer Court.

Mr. ROGERS: Then section 2 will stand for the time being.

Mr. BENNETT: It might be well for the minister to keep in mind the proviso that was inserted when these bills were submitted to counsel, as well as to the law officers of the crown in 1935:

> Provided that this subsection shall not be construed or applied so as to limit or impair any right or interest derived under the patent act, 1935, or under any other statute of Canada.

That was put in there deliberately on the advice of counsel to whom these bills were referred. Answering the question of the hon. member for Selkirk (Mr. Thorson) I am quite aware of the fact that the senate made the change along the lines suggested by the Prime Minister this morning, and for the simple and obvious reason that we were endeavouring to maintain the act just as it stood, except that it should be dealt with by a commission rather than a commissioner. That was the real reason behind it. If the hon. gentleman will look at the Combines Investigation Act as it was passed, he will find that in every instance we endeavoured to maintain the sections as they stood for the purpose of preventing purely political attacks, it having been alleged that we had endeavoured to weaken the provisions of the combines act when we provided that a commission should deal with them and not a commissioner. Some ten or fifteen changes were made by the senate, to one of which reference has been made. I had not remembered it until this morning, when I saw the

word "designed" again, and when it was mentioned by the hon. gentleman I recalled the circumstances.

Section stands.

Section 3 agreed to.

On section 4—Trade unions not affected.

Mr. BENNETT: I have no doubt that the minister has received certain representations which were mimeographed and sent out; all the members of the house have received them. There were no signatures attached but I assume they came from the same source. It did seem to me that there was something in the point made with respect to section 4. We have provided for fair treatment by what we call fair trade practices. Should there be objection to a combination of employers for the purpose of maintaining fair trade practices, any more than there is to workmen combining for their own reasonable protection? That, it seems to me, is not unreasonable. That point was contained in the memorandum sent to all the members of the house by one of the chambers of commerce or boards of trade. The amendment suggested, which would include combinations of employers for the reasonable prevention of unfair trade practices, seems to be reasonable. We have by statute provided against unfair practices, and certainly it is desirable that employers should unite for a common understanding in this regard just as much as it is desirable that workmen should be permitted to form combinations for their own protection. In the one instance the purpose is to ensure uniformity of fair trade practices and in the other case it is for the protection of the workmen. Is that not just and right? It struck me that the board of trade or chamber of commerce that made the suggestion had arrived at a sound conclusion, and I am asking the minister whether he would be prepared to accept an amendment to section 4 looking to that end, that is, providing that employers might combine for the purpose of preventing unfair trade practices. We have the law as it now stands, which the privy council said was sound, under which we have made it a criminal offence to do some of these things, and surely it is desirable that both employers and employees should be permitted to form a combination. As a matter of fact that is the case at the present time; there are combinations for the purpose of preventing unfair practices. We know that one such combination went to the courts of this country some years ago on the question whether or not it was a valid exercise of their power when they tried to fine some of their members who did not comply with the provisions of the law. I merely ask the minister whether or not he would be prepared to consider such an amendment.

Mr. ROGERS: I do not feel that an amendment of that kind ought to be accepted. This section is inserted for the protection of employees in their capacity as employees. It does seem to me that the amendment suggested by the leader of the opposition goes beyond that. It does not consider employers in their capacity as employers of labour but rather in relation to the whole business of the production and sale of their commodities.

Mr. BENNETT: No, unfair practices have to do with wages and all that sort of thing.

Mr. ROGERS: But unfair trade practices, as I understand it, do not relate or in the past have not related to the matter of wages but rather to matters of prices and business practices. This section has been inserted, as my right hon. friend is aware, from the beginning in order to prevent trade unions from coming under the normal prohibitions with respect to restraint of trade.

Section agreed to.

On section 5—Commissioner.

Mr. T. L. CHURCH (Broadview): I have been in parliament a few years, and from my experience I have very little confidence in this whole act. I remember when one of the predecessors of the present minister was dealing with the Industrial Disputes Investigation Act. I told him the whole act was ultra vires and he said it was not. Well, that act went to the privy council and the whole thing was upset.

Just see the roundabout way in which we are going to attack the combines. As far as we have gone in this bill it is all built around sections 496, 497 and 498 of the criminal code, which was the law for many years and under which many decisions and judgments were rendered. As I see it, under this act the combines will continue to flourish like the green bay tree, as they have in the past, with this sort of administration. A commissioner is to be appointed. We have had a commissioner for a long time now, and many complaints have been laid before him in regard to the milk combine, the coal combine, the bread combine and many others. What did this investigator do? All his reports went back to the minister, and you will notice that the same provision is made here. The governor in council may appoint an officer to be known as a commissioner of the combines act, and then the act sets out the details of his administration, his appoint-

ment, his duties and so forth. You see that he is to report to the minister. Canada will never get anywhere in attacking combines as long as this administration is in the hands of a political department, because that is all the Department of Labour is to-day. It is not a judicial department; the commissioner is not independent. He has to report to a political minister, and we heard something about what this particular minister said last night at Pembroke. Certain similar legislation which was passed by the late government, and which is to some extent copied in this section, he termed counterfeit legislation. What kind of judicial body is this going to be, when a responsible minister of the crown makes such remarks as that? What investigating powers will the commissioner have? I have nothing but the utmost regard for Mr. McGregor, but what can he do?

Why do we not attack this problem as it has been attacked in the United States, which provided the model for some parts of this act? The government have tried to revamp this section in accordance with the recent decisions of the privy council. I can tell you that this section was before the senate last year; there was a little difference of opinion, and they reported it back with amendments. The Prime Minister did not see fit to accept those amendments, and as as a result nothing was done, though I thought the two houses might have got together with regard to this administration by the commissioner, and his powers. For the last twelve months they have fallen back on the old legislation, the Inquiries Act, under which three or four investigations have been held. What has been the result? In the coal case Mr. McGregor reported a whitewash. Then they had a commission conducted by Mr. Tory—Tory in name only, so far as I know—who never mentioned the consumers in his report. During the recess of parliament he was supposed to investigate the cause of the increase in the price of coal from $5.50 in 1905 to $14 or $15 to-day. What can the proposed commissioner, Mr. McGregor, do? I have laid complaints before this very gentleman and before his predecessor, when Mr. Murdock was the minister. I complained about the combines in respect of coal, milk, bread and other things, and what was done? They sent a man to Toronto and some sort of investigation was held. I went to see the judge presiding at the York county assizes when there was a scarcity of milk and the health officer was complaining about the way infants were dying off. The judge consulted with the crown officer representing the province, and then said that in view of this act, which we are now amending, he believed the whole question of administration had been taken out of the old law under the criminal code.

I have very little faith in this bill. I was head of the municipality of Toronto for some years, and I had a good deal to do with such administration as is proposed under this measure. I have no faith left in it. The other day the Minister of Justice was complaining about communism. Communism would not exist in this country if we broke up these combines. I can tell the Minister of Labour now that the money spent by the late government in connection with the price spreads inquiry was money spent to the very best advantage in the interests of this country. It showed the rotten state of affairs in Canada and the things these big interests have done. These interests were summoned before the commissioner and they refused to give evidence. They read all the cases, and they argued for days about the conflict of power and jurisdiction as between the federal and provincial governments. We will never get anywhere so long as we have this multiplicity of commissioners and commissions trying to attack a problem they do not know anything about. I can tell you this, that these combines will affect confederation if they go much farther.

I have referred to some dealings I have had with the Department of Labour regarding combines and with the commissioner. It is now proposed to appoint a commissioner in place of proceedings under the criminal code before a judge presiding at an assize court who could deal with offences against the criminal code. We know that Judge Landis fined the Standard Oil Company $50,000,000, and was going to put some of them in gaol. I only wish the commissioner or the Minister of Labour would bring to the bar of the house some of these people who have been treating our statutes as scraps of paper.

In my opinion, after a careful study of the act of 1935, I believe that with the exception of a few words here and there it is almost perfect. Further, in my opinion the social legislation introduced in that year will in years to come redound to the credit of the present leader of the opposition. He and his minister of labour, Mr. Gordon, were the first people to attack the problem in a sensible way.

I should have liked to say more, but will not detain the committee. I predict the law courts will upset the act and that its administration will be a glorious fiasco and trusts and combines will still flourish like the green bay tree. The price spreads commission showed them up. There has not been a word said since. The Minister of Labour is com-

plaining about the provinces. He wants to leave things to the provinces. I will tell him that some three or four provinces are bankrupt and cannot give a cent to help legislation. How can they contribute, as he suggests? What is there to prevent him bringing the combines into the law courts? Why does not the minister wield the big stick, summon these people to the Carleton assize court, and try out the legislation? What has the minister done about child labour and sweat shops? Not a thing. What has been done about the Purvis commission? A man was sent there, and he was told to mind his own business. This roundabout way of doing things is just like something to which I referred the other night. I would advise the commissioner to lay a bill of indictment against Mr. Purvis and his industry. They are the biggest trust or combine on the North American continent, and nothing is done about it. No wonder we have communism in Canada.

Mr. STEVENS: I wish to say one or two words on this section. Unfortunately I have to attend a committee which meets while the house is sitting, and I shall be here only a minute or two more. I am not going into a detailed analysis, but in my opinion this is a retrograde move. May I say with the greatest politeness and kindness to the Prime Minister that I have a full appreciation of the merits of the act as it was originally designed by him. I believe he deserves all the credit he wishes to take in that connection. But a long period of time has elapsed since. Business conditions and business methods to-day are entirely different from what they were twenty-five, twenty or even ten years ago. There has been a metamorphosis in the methods of doing business not only in Canada but throughout the world. Originally the act was designed for certain purposes; we are now returning to its original form, and though some of the amendments may be improvements, it does not measure up to present day requirements. I believe that parliament took a forward step when in 1935 it placed the administration of the act under a board of trade and industry. I think it was a mistake to assign those duties to the tariff board, but that is something which could easily be corrected.

If a board of trade and industry were erected in Canada I believe it would be a most progressive, effective and useful means of dealing with modern business problems. For my own information I have made a study of the court of commerce of France. Many hon. members will be familiar with that court, and will recall that about three hundred years have passed since it was set up. Now, after a long time, it has developed into a definitely established method of dealing with commercial disputes. The records indicated to me that in France commercial disputes of all kinds would be taken to the court of commerce and there, with less formality than would be required in the regular law courts, decisions would be promptly arrived at.

I had hoped that when we established a board of trade and industry it would have gradually developed a practice and would have established certain decisions and courses of action which would serve as a guide along decent and proper lines for the large businesses in Canada. The present bill takes the powers away from the board and returns them to a commissioner. I am not in any sense reflecting upon any commissioner or any person; rather I am referring to the system. We could have had a commissioner, a secretary or some other officer to handle the bill and to deal with administration. I must say however that the establishment of the trade and industry board was one of the wisest things parliament ever did. It was a progressive, up-to-date and modern move, and an effort to meet the requirements of modern commerce.

Another point is this: The Prime Minister, the Minister of Justice and I hope the Minister of Labour—with his knowledge of economics, although he has not been long in practice as a minister—must know the difficulty which in all these years the federal government has had in securing effective action against combines which have been fairly well established as such, because nothing could be declared to be a combine until the ultimate end of the legal proceedings had been arrived at. In many cases there was a conviction in the hearts of the people, and, I would say, in the minds of ministers and government officials, that a combine of an injurious character did exist, but the difficulty always was to get a conviction under the criminal code, through the courts. First, there was a private investigation, then possibly a public commission investigation, and then there would be an approach to the attorney general of a province to obtain his leave or to turn the matter over to him for prosecution. That is a long, tedious procedure. If we could bring a case quickly before a court of commerce we would get action.

There is another phase of the matter to which I should like to direct attention. So long as we have this controversy between federal and provincial jurisdiction, to which the hon. member for Broadview (Mr. Church) referred, we shall have interminable delays in cases which naturally would fall under this law. If a matter were brought before a court

of commerce, in public hearing, the publicity connected with the public examination of the cold facts would perhaps have more effective results than even a decision in a law court, which may be carried through the various courts to the privy council, a procedure which sometimes occupies several years before it is brought to a conclusion; whereas in the other case almost immediate results would be achieved.

I may say to the Prime Minister that I am not at all desirous of reflecting upon the excellence of his work during past years in connection with this class of legislation, but I think that by again putting this matter under the administration of a commissioner we are taking a retrograde step which will not in any sense meet the demands of modern business or effectively control the intricate and very often far-reaching problems which are prevalent in the commercial and industrial world.

Mr. BENNETT: Why does the minister find it necessary to make a change in the existing condition? The statute passed in 1935 placed the administration of the act in the hands of a commission. The Dominion Trade and Industry Commission was appointed in accordance with the recommendations made to this parliament by the price spreads committee. The administration of the combines act was placed in the hands of this commission, and appropriate amendments were made to the legislation. This commission has done some good work. Since I came back to Canada I have found evidence of communications which have been made to the commission. I find that numerous inquiries have been made about various matters and steps taken which brought about the proper adjustment of more cases than one. Why should not the Dominion Trade and Industry Commission continue to function in the manner provided for by the statute, without the creation of a new and expensive board?

The former commissioner is still acting and we would have the benefit of a trained legal mind. The minister knows as well as I that as business has progressed the main complaint to-day is against unfair competition. This is one of the matters engaging the attention of economists everywhere. How can we overcome unfair competition as distinguished from a combine pure and simple? Why is it necessary to set up a body separate and distinct from this other organization in connection with which you would have the benefit of a highly trained legal mind as against an untrained mind whose curiosity and desire to ferret out things for any purpose becomes no longer a merit but a fault? After all, this country must compete with all countries of the world if it is to maintain its export business. We have to maintain a decent standard of living and by the supervision now provided by the statute to which I have just referred we have endeavoured to prevent what might be called cut-throat competition which might result in the creation of a monopoly far worse than any possible combine. This has been one of the most marked changes during the last fifteen years.

I suppose the minister has read what Adams described so clearly as the cause of our present condition. He referred to the creation of corporations, holding companies and matters of that sort. But leaving that out for the moment, you have the fact that cut-throat competition is an evil which nations are endeavouring to combat. This must be done to prevent a monopoly being created in a single business. Without going into details, which might be regarded as unfair, I think it can be said that we have had cut-throat competition in this country which resulted in the establishment of monopolies. The minister has been a student of these things and he must know to what I refer. The hon. member for Broadview (Mr. Church) referred to some of them. If the minister wants to know just who they are I can give him a list.

Mr. DUPUIS: We should like to have a list from the right hon. gentleman.

Mr. BENNETT: I do not think I will gratify my hon. friend's curiosity.

Mr. DUPUIS: We want to see how it compares with ours.

Mr. BENNETT: If he will take the trouble to look up the books himself, he can find out who they are. They were referred to in this house on one occasion many years ago. A change has been brought about by unfair methods of competition. One only needs to read the economic history of the United States to discover how powerful enterprises have acted in different communities. We may have three people in business in a community and a large enterprise wants to buy them out. They offer very good prices, sometimes more than the business is worth. However, sometimes the proprietors reply that they do not want to sell, that it is a family business. They are told that the corporation is coming in anyway and if the unfortunate people do not sell they are squeezed out of existence. That is the condition with which we are faced to-day. That cannot be called a combine because there is only one company in the business. Through the elimination of competition they have become a monopoly. They have not increased prices in every case, but their profits have been increased through the elimination of wasteful competition.

What is the tendency in this country today? Unfortunately when people see that one business is making money they all want to get into it in order to make some too. That is what happened in connection with our pulp and paper business. The Minister of Finance (Mr. Dunning) was receiver for one of these enterprises and he knows what happened. It was wasteful competition, it was the trading off of an old dollar for a new one sometimes not worth a hundred cents. That is the condition we have to meet. We endeavoured to meet it with the 1935 combines act but it was not designed to deal with that phase of the question at all. It cannot deal with it in the very nature of things because it is not a combine. I know of industries in this country which are not combines, but which have monopolies of their particular business. They have obtained that monopoly through buying out their competitors or forcing them out of business. They offered a price and if it was not accepted the competitor was put out of business. That is the situation with which we are confronted.

We must prevent these things if we do not want a lower standard of living and reduced wages. But to do so it is not necessary to set up this costly machinery. The necessary authority had been placed in the hands of the tariff board under the previous act. Continue with the same investigator if you will, only give some supervision. He is now without supervision and is free to pursue his own course. He has a mind untrained in law, but he is empowered to make investigations that will harass and not help business. If you carry out some of the provisions of this bill that is what will happen. I do not think that is the intention of the government, but that is what will result.

Some of the sections of this bill go farther than we have ever gone before; they make a judge out of a man who is not a lawyer. This is not the first time a judge has been made out of a man who knew no law, but it is the first time we have made a judge out of one who is not a lawyer. I think it was James who made the observation that you could easily get twelve judges to agree, but you could not get twelve lawyers to agree. That is what is happening here. The minister should give us some reason why he finds it necessary to take the administration of this act out of the hands of the commission and appoint a commissioner and invest him with the authority that is proposed. The reason the president of the privy council was made administrator of the act was that it was felt to be a matter of high policy that the Prime Minister, who in this country is usually the president of the council, should have before him at all times knowledge of what was being done that so vitally affects the economic policy and life of the country. But if you are not to have the president of the council, then it does seem to me that the Minister of Trade and Commerce, whose one job is to keep in touch with trade and commerce, should administer the act. What I am asking for at the moment is some explanation as to why we should not utilize the tariff board, so as not to involve additional expense until such time as its duties become so great as to necessitate an additional commission. Why not let them carry on the work instead of setting up the costly machinery of another branch of government?

Mr. ROGERS: The question of the administration of the combines act was dealt with when the bill was before the house on second reading.

Mr. BENNETT: Very slightly.

Mr. ROGERS: Perhaps the leader of the opposition will feel that it was not dealt with adequately. At the same time I think there is some cogency in the reasons given at that time for the change contemplated in this bill. Under the trade and industry commission act, the combines act was placed directly under that commission, and the members for the time being of the tariff board of Canada were declared to be the members of the Dominion Trade and Industry Commission. The result was to place an additional duty, and, as I think all hon. members will agree, an important additional duty, upon the tariff board. According to my reading of the debate at that time, it was contemplated even then that the additional duties imposed upon the tariff board would in the nature of things require some additional staff, and that some separation of functions would be necessary if the work were to be performed efficiently. At the present time what we are doing is detaching from what is already an overburdened tariff board a function which at any rate does not relate of necessity to the tariff board as such. I would not say for a moment that the present members of the tariff board, or at any rate the chairman, are not competent to deal with the questions raised in the administration of the combines act. On the contrary I feel confident that the chairman of the tariff board would approach such a duty with every fairness and with great ability. But I think it must be agreed that the administration of a combines act does not of necessity have anything in common with the work of a tariff board.

Mr. CAHAN: Why not constitute a new board under the act, chapter 59 of 1935?

Mr. ROGERS: It was called the Dominion Trade and Industry Commission. The members—

Mr. CAHAN: Were declared to be the members of the tariff board.

Mr. ROGERS: That was a temporary provision.

Mr. CAHAN: It may have been temporary, but at any rate there has been no change up to this time, and there was no undertaking, as I understand it, that the work would be given to another commission.

Mr. ROGERS: I think at the time there was a general feeling, which was expressed at this session by the hon. member for Broadview (Mr. Church), that we were setting up too many commissions and that it would be better to combine the work of the two. At all events what we are doing now is ensuring that the administration of the combines act will receive the undivided attention of one commissioner, or, if the work should require it at some later date, a commission of possibly three members. Here again I give no undertaking, and obviously cannot; but to enlarge the commission to three at some future time if the work demands it would seem to be the obvious course to follow.

Mr. BENNETT: But the commission has been with the other commission ever since, administering this act.

Mr. ROGERS: It is not really administering the act, if I may say so; because while some questions arose as to the legality of the trade and industry act, the combines act has not been administered by that commission. I think that undoubtedly the tariff board, in assuming that additional function, has found itself severely handicapped. There has been no effective administration of the combines act in the past year and a half.

Mr. BENNETT: And no director of prosecutions has been named.

Mr. ROGERS: No director of prosecutions has been named. That of course touches a point that goes beyond the administration of the Combines Investigation Act.

Mr. BENNETT: But it touches the whole matter.

Mr. ROGERS: Yes. I think there is very much to be said for so arranging the administration of the combines act that it will come under the continuous supervision of one man or one group of men, and certainly, if combines exist to the extent suggested by some hon. members, there is every reason why the administration of the combines act, apart entirely from the other duties imposed upon the Dominion Trade and Industry Commission, should be administered by one commissioner. There is much to be said, I think, for some continuity in the working out of the provisions of this act. In times past, and I am speaking now of the period before the Dominion Trade and Industry Commission was set up, the actual investigations apart from preliminary inquiries were conducted by ad hoc commissions. The result was that the country was put to the very considerable expense of appointing ad hoc commissioners, and there was none of that continuity of experience which is valuable in carrying on this act.

Perhaps I ought to say something about the transfer to the Department of Labour. Certainly this does not imply an appropriation by the Department of Labour of a field that was not once its own.

Mr. BENNETT: It was not suggested that that is so.

Mr. ROGERS: I quite agree. It is a question rather of a return to the Department of Labour after a temporary transfer to the president of the privy council for the reasons suggested by the leader of the opposition (Mr. Bennett). I would however like to express my own view that there is much to be said in favour of having the administration by the Department of Labour as against the Department of Trade and Commerce. After all the Department of Trade and Commerce is set up primarily in order to provide facilities for the industries and commercial firms of this country—and properly so. But I question if it would be wise to have the administration of this act designed to prevent abuses among industries and commercial firms placed in the department which at the same time had, and was intended to have, a very intimate and close relationship with those firms. I submit again that there are strong reasons why the administration of the combines act should be placed under a separate commissioner, and I believe there are good reasons, which perhaps will not be considered as such by hon. members opposite, why the administration of the Combines Act should be placed in the Department of Labour rather than in the Department of Trade and Commerce.

Mr. BENNETT: The minister knows it had no personal reference.

Mr. ROGERS: Yes, quite.

Mr. CAHAN: I wish to make one remark in connection with this discussion, and that is that the Dominion Trade and Industry Commission Act, which was chapter 59 of the statutes of 1935, has been declared by the judicial committee, with the one exception of section 14 which was not referred to it, to be intra vires of the parliament of Canada; and section 14, which had been held by the Supreme Court of Canada to be ultra vires, did not come within the reference made to the judicial committee. But there was a significant suggestion by his lordship in delivering the opinion of the committee, that if it had come before the committee the decision of the Supreme Court of Canada might not have been upheld. So that it is the intention of the government, apparently, to maintain an administration of the Dominion Trade and Industry Commission Act of 1935, because in the bill which we have before us only sections 13 and 14 of its provisions are repealed, section 13 of that act being the provision which charged the commission with the administration of the Combines Investigation Act. It is significant, therefore, that the government have undoubtedly decided, in repealing two sections of that act, to retain the act as it now stands, with these exceptions; and if the government has decided to retain the act and to administer it with the exception of these two sections, then there is no reason why one body of commissioners should not administer both acts—no reason in the world. There is nothing in conflict between the administration of the combines act and the administration of the Dominion Trade and Industry Commission Act. What the minister is doing now is to set up an extra commission assisted by numerous assistant commissioners and provided with counsel, a whole bureau which is unnecessary if the Dominion Trade and Industry Commission is to be retained.

Mr. ROGERS: But additional personnel was contemplated.

Mr. CAHAN: The government have decided that members of the tariff board should not be the personnel of the Dominion Trade and Industry Commission. But they were temporarily appointed, and in the meantime the act was submitted by reference to the court to ascertain its validity. It has been declared valid in every section except one, and by repealing that section the government impliedly admit that they will continue the administration of this new act of 1935. Why not, then, change the personnel of the commission, if that is desired, but maintain the act and include in it the administration of the combines act? That would place it outside both the Department of Labour and the Department of Trade and Commerce. As between the two, frankly I prefer the Department of Trade and Commerce. I do not think that the Minister of Labour ex officio is necessarily the person to have charge of the administration of the combines act. But by changing the personnel of the Dominion Trade and Industry Commission and leaving with that commission the administration of the combines act, you do procure what is so essential to business in Canada, confidence in the stability and integrity of the administration of these acts. At the present time the government are appealing to industry to give employment to the unemployed; they are appealing to every class of industry to extend its operations in order to provide additional employment. If that is so, if the government are dependent upon industry to give employment to the unemployed, then industry must have a certain peace of mind in order to extend its operations and comply with the demands of the Minister of Labour in that respect. I believe that no better effort could be made in that direction, no more efficient effort, than by placing the administration of the combines act under a thoroughly competent and independent board such as is provided by the Dominion Trade and Industry Commission Act, so that there may be complete reliance upon its impartial, judicial and legal administration of that act.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): The leader of the opposition has emphasized very strongly the benefit that would accrue if the administration of this act were under a trained legal mind. I wonder whether it has ever occurred to him that possibly it might be a great advantage to have it under a commissioner who has not a trained legal mind. The leader of the opposition speaks as if all judges were united on matters of law even if lawyers are not. But I submit that almost every judicial decision, even in the highest courts, shows that judges differ very materially even in what are strictly matters of law. If I understand the situation rightly, the president of the United States is doing his best to get away from the dominance of trained legal minds in the supreme court. The Minister of Justice shakes his head. Well, I shall have to take the attitude that some have already taken in this debate, that of course I am not referring to any individual.

Mr. LAPOINTE (Quebec East): He wants an addition of legal minds there.

Mr. WOODSWORTH: There is an old saying, "Blessed is he that bloweth his own horn, for verily it shall be blown."

Mr. CAHAN: That is a misquotation.

Mr. WOODSWORTH: Is it? Some of us apparently have to sit under the continual blowing of the horns of those who belong to the legal profession.

Mr. CAHAN: The quotation is, "He that bloweth not his own horn, for him shall no horn be blown."

Mr. WOODSWORTH: Possibly that is the reason for the activity of the lawyers in the house. Seriously, while undoubtedly there are benefits from a legal training there are also some things about legal training that make it very difficult for those who have had that training to realize new needs as they arise and to interpret some of the old principles as they relate to modern developments. We have, for example, the modern development of the corporation. The corporation is a purely artificial body created by law. It has nothing of human characteristics about it. As we often say, it has no soul; and yet we endow it with a certain immortality. It can live on and on even if the members who originally composed it have died. There seems to have been a beneficent provision in nature whereby individuals, once they have reached a certain age, pass off the scene and allow others to come along. Not so with corporations. So again and again we find corporations persisting when their usefulness has passed, and able to exploit the community because of the different circumstances that have arisen. These corporations are given privileges along a great many lines which would not be accorded even to individuals. We had an example in one or two of the statements made this morning.

What about "intent"? We insist that there must be intent to do so and so, and we get into prolonged casuistical discussions as to exactly wherein lies intent. Using an illustration that occurred to me before the Minister of Labour spoke, if a man carries concealed weapons, he is, I understand, thereby committing a crime. If someone is killed, the carrying of weapons may be used to show intent; but in any case simply to carry concealed weapons is a crime. But we apply no such simple procedure as that when it comes to corporations; that is another matter altogether.

Again the hon. member for St. Lawrence-St. George (Mr. Cahan) spoke of not making crimes where crimes did not exist. But surely with the coming of the automobile there have to be new crimes constituted because there is a new source of danger to human life and welfare, and what would not have been a crime on the road fifty years ago may become a crime with the modern automobile. I can readily understand how one with a trained legal mind will persist in thinking in terms of the horse and buggy age fifty years after the horse and buggy have ceased to exist; that is a danger to which the trained legal mind is subject. Combines give an opportunity for new crimes; they may themselves be crimes.

Again, we are told that we should not have investigations of private affairs, of a corporation's affairs. I suppose that goes back to the idea that a man's business was his own individual affair. But to-day can anyone really believe that business carried on by corporations is in any sense a personal affair? It is a matter that should be of interest to the public at large. I think it was when Woodrow Wilson ran his first presidential campaign that he gathered his speeches together into a book called The New Freedom. In that book there was an illustration that I remember. He said that in the old days it was not considered right, on the principle that a man's home was his castle, that anyone should be allowed to enter it without his consent. That is all very well. Then in the age of great corporations it is said, by analogy, that no one must as it were enter their premises—no one must be given the right to investigate what goes on in the corporation. Woodrow Wilson suggested the illustration of a great apartment block. In the United States, authorities were still considering the apartment block to belong to the owner simply because, though it might contain fifty homes, they were all under the one roof. In England, he said, they were adopting a wiser attitude. There the authorities took the position that although these fifty homes were under the one roof, each apartment was in reality a unit by itself. The corridors, on the other hand, the lighting and everything of that kind concerned the public, because the corridors corresponded more or less to the streets; and the corridors ought to be taken care of, lighted, kept sanitary, and policed just as a street. So Mr. Wilson said that we ought to have at all times the fullest publicity with respect to the business of great corporations. I heartily agree with that. But now, all these years afterwards, the hon. member for St. Lawrence-St. George still keeps to the old position and the old fiction. If I may say so I think this is very largely because of his legal training. He thinks that the public ought not to be permitted to enter the sacred portals of corporation offices.

Whether or not this bill is the best way of accomplishing the end in view, I think something more will have to be done than has so far been done to check the exploitation which has been carried on by these great

monopolies and trusts and mergers. The price spreads commission report, and the evidence published more recently in the daily papers of the hearings of the textile commission, make the people of this country generally realize that there should be some way of protecting the public.

Personally I think this legislation is a characteristic Liberal way of doing it—

Mr. LAPOINTE (Quebec East): Order.

Mr. WOODSWORTH: I am sure that a good Liberal like my friend the Minister of Justice (Mr. Lapointe) should take that as a compliment. I can conceive that, if the competitive system is a good thing, we must in some way seek to avoid unfair competition. But it strikes me that the Minister of Labour will find it very difficult in practice to decide where fair competition ends and unfair competition begins. As the committee know, from our standpoint it is next to impossible to do this, and we believe that the competitive system must ultimately give way to a cooperative system. But I suppose we cannot hope for a change in the present system so long as the Liberals are in the saddle.

Mr. MACKENZIE KING: My hon. friend is giving an entirely wrong interpretation of Liberalism. Liberalism is not necessarily identified with the competitive system.

Mr. WOODSWORTH: I thought it was.

Mr. MACKENZIE KING: My hon. friend is mistaken.

Mr. WOODSWORTH: I have heard in this house for sixteen years what Liberalism was, and I gathered the idea that it is very closely tied up with the competitive system. I am glad that apparently Liberalism is changing in that respect. This encourages us in this corner to renew our efforts in the days to come.

Mr. MacNICOL: It is getting worse.

Mr. WOODSWORTH: But in the meantime I simply say that I believe that legislation of this kind is distinctly in the right direction, if for no other reason than that it may show how difficult it is to administer in a society founded upon a competitive system.

Mr. MACKENZIE KING: In a Liberal direction.

Mr. WOODSWORTH: Very well then, we will hope that Liberalism and socialism will not ultimately be so far apart. I have always taken the view that if you travel far enough in one direction, say eastward, you are bound to reach its extreme—you come to the west.

[Mr. Woodsworth.]

As to the protection of the public, while in theory it might be possible to maintain an absolutely neutral and unprejudiced position, in practice we have to remember that these great corporations have huge funds at their disposal; they are well organized, compact, and engage the ablest counsel in the country to plead their case; whereas on the other hand the consumer or the labouring man who works for the great corporation is comparatively unorganized and without any very great resources. Some special effort ought to be made—shall I say by a Liberal government?—to see that the interests of the unorganized public are very specially safeguarded.

Hon. H. A. STEWART (Leeds): I am sure the government are well aware of the very general complaint throughout the country that we have too much governmental machinery; that there is duplication, overlapping and waste; and that from time to time additional and unnecessary commissions are created in connection with the carrying on of government both in the provincial and the federal field.

Under the Dominion Trade and Industry Commission Act passed in 1935 the duty of investigation under the Combines Investigation Act was imposed upon the tariff board, an organization already in existence, with a trained and competent staff, and one which in the course of the discharge of its duties acquires a vast fund of knowledge relating to trade and industry in all its branches, including the effect of the tariff upon business.

There are those, of course, who contend that the tariff is responsible for many of these combinations. I submit that it would be hard to find a more competent organization than the tariff board, an organization better equipped, with a better background or with a greater command of information of the very sort that would be useful under this act. On the ground of expense alone I submit that we are making a mistake when, under this section, we contemplate the setting up of what appears to be a duplicate organization, with a duplicate staff, for the discharge of duties which I think might be well and properly discharged by this existing organization.

Perhaps that is putting it on the lowest ground, that of economy, which of course is important even at this time. I do urge upon the Minister of Labour, however, that this commission must possess a fund of information and an accumulation of knowledge in connection with the trade and industry of this country that would be very useful in connection with investigations of the character outlined by this act. In addition to saving the

expense of a duplicate organization, there would be action along parallel lines; there would be no inconsistent action as between an investigator or commissioner under this act and the tariff board. It does seem to me that there should be for this purpose some organization with the standing of the tariff board, an organization more or less set apart, rather than one directly under the control of the minister. Since the tariff board has been put on a permanent basis I am sure that it has established its usefulness, its capacity and its competence to deal with the matters that have been referred to it, and I believe it is winning the confidence and respect of the people of this dominion.

As has been said already, it seems to me that the proposed procedure is a retrograde step, that we are not putting it on a sufficiently high plane; we are not giving the commission that standing and authority which will command the respect of those who are concerned in the administration of this act.

Section agreed to, on division.

On section 6—Assistant commissioner.

Mr. BENNETT: Surely section 6 is unnecessary if we are to have a commissioner whose sole duty it will be to look after these matters. Do not let us magnify this office also.

Mr. ROGERS: The provision is that an assistant commissioner may be appointed in the manner authorized by law. It may very well happen, for example, that while the commissioner is carrying out one investigation, an application may be made for an investigation of a somewhat urgent character. This would give the requisite authority, to prevent delay under circumstances of that kind. I do not think it goes beyond anything that has been possible under the act at any time. That is to say, under the old combines act it was quite conceivable that you might have two or three commissioners working at the same time on separate investigations.

Section agreed to, on division.

On section 7—Special commissioners.

Mr. BENNETT: I do not think this section should be here. The very purpose stated by the minister, the preservation, that is, of some general system of uniformity and continuity, should preclude the necessity of appointing special commissioners to investigate these matters. We still have the general powers under the Inquiries Act to take action in regard to matters that the crown thinks should thus be dealt with; we have the tariff board, and now to say that under this act you may appoint expensive special commissioners is in my judgment unnecessary. I only mention that to the minister; I do not think it serves any useful purpose except to invite, wherever there is trouble, an application for a special commission, at great expense to the country and without any uniformity of treatment or continuity of policy in connection with the administration of the act itself.

Mr. ROGERS: I wholly agree with the right hon. leader of the opposition that it would be undesirable to depart from the practice of having most investigations conducted by the commissioner. At the same time it is quite possible that a number of applications might come in at the same time, and that it would be desirable to proceed with them at the same time or at any rate without serious delay. There is nothing of a mandatory character in the section, of course; it simply gives us a power which has been given by the other combines acts in previous years. The intention is that investigations will be conducted whenever possible by the commissioner, and that investigations by special commissioners will be made only when the immediate investigation of an important case cannot be conducted by the commissioner owing to pressure of other work. That is to say, the power is here.

Mr. BENNETT: You have the general power under the Inquiries Act, of course.

Section agreed to, on division.

On section 8—Legal counsel.

Mr. CAHAN: I submit, of course, that if the Dominion Trade and Industry Commission Act is to be administered, provision is made there for a representative of the Department of Justice who may act as counsel in these matters. But I should like to say to the Minister of Justice that I am instructed that in connection with all commissions appointed in England, if counsel are appointed to assist the commission or commissioner, they are under instructions to elicit the facts with impartiality and are absolutely prohibited from using their position as counsel to disseminate political or economic doctrines or their personal opinions. I think the time has come when it will be necessary for the Minister of Justice to prepare a set of instructions of that kind, because at present the opinion is very prevalent throughout this country that the conduct of commission counsel is due to special instructions which they must have received in regard to these matters; otherwise it is inconceivable that they would have acted in the manner in which they have acted.

Mr. LAPOINTE (Quebec East): I may assure my hon. friend that the instructions received by those who act as counsel are to act with the strictest impartiality for the purpose of attaining the end which the governor in council has in mind in ordering the inquiry.

Mr. CAHAN: I am not casting any personal reflections, but that is not the point. I have no doubt that the Minister of Justice believes in counsel acting with strict impartiality in eliciting the facts. The old traditions prohibited even counsel for the prosecution from acting in other than an impartial manner, because he was believed to act, and according to the traditions of the court did act, not as prosecutor for one side but in such a way as to elicit the information necessary for an impartial decision of the court. I had under my hand a whole pamphlet dealing with that phase of the question, but I do not intend to refer to it. The mind of the government should be expressed, I think, in the order in council appointing counsel, to the effect that his duty is to act impartially.

Mr. LAPOINTE (Quebec East): Of course, as the hon. member knows, the parties whose actions are being investigated are always very well represented before the commission.

Mr. BENNETT: They cannot be, in some of these investigations.

Mr. LAPOINTE (Quebec East): But I have in mind investigations to which my hon. friend refers. Necessarily the actions of counsel for the commission seemed to be somewhat opposed to those of counsel for the parties investigated. I agree entirely with my hon. friend, however, that their attitude ought to be that of a crown prosecutor trying to bring out the facts, without taking sides against any party to the issue.

Mr. BENNETT: I wholly agree with the minister's view, but I was surprised to learn that during the meetings of one of the committees of the house at this session, counsel appointed by the government actually said "No, we will not do that; it would be favourable to the company." There it is on the record, and it is rather a bad thing. I will be perfectly frank with the minister.

Mr. LAPOINTE (Quebec East): A committee of this house?

Mr. BENNETT: Yes, sitting in this house. I must say also that I took strong objection to the attitude of leading counsel for the price spreads commission. The attitude taken was not of that impartial character which, in my judgment, counsel assisting a commission should show; and what is more, I told that gentleman so. I asked him to come to my office, and told him that his duty was to assist the commission impartially in getting the facts, and not to treat the witnesses as though they were in a police court; rather he should treat them as witnesses giving evidence before a commission. I think the minister's statement of it should perhaps be embodied in written instructions to be given to counsel who are appointed, because the condition is becoming bad in this country. It reached its zenith the other day—I should like to show it to the minister, and I may have to refer to it in the house—in the committee where counsel said "That would be helpful to the company."

Mr. FACTOR: Does the right hon. gentleman remember action of counsel on the price spreads commission?

Mr. BENNETT: That is what I was talking about.

Section agreed to.

On section 9—Temporary assistants.

Mr. BENNETT: One of the greatest abuses is found under the procedure embodied in this section. What happens is that you constitute a commission, and then begin to call in your experts. I wonder if the minister has looked at the bills paid to auditors in connection with this matter? Last year the minister had occasion to direct attention to the amount of money being spent in connection with some of these transactions. One of our difficulties was that the commission had directed, without regard to anything else, that a very expensive audit should be taken with respect to various businesses, and the result was that in the aggregate we spent nearly $100,000—the hon. member for Spadina (Mr. Factor) can correct me as to the exact amount; I know it was a very large sum of money. I believe there should be a clear limitation upon that. I have felt that for some time, not now, but while head of the government. I had to direct attention to what I considered to be an abuse of the words "the commissioner may, with the approval of the minister, employ such temporary, technical and special assistance, as may be required to meet the special conditions that may arise in carrying out the provisions of this act."

As the Prime Minister said this morning, this is an investigating statute. It is not intended to have somebody delegate to half a dozen other people the right to pry into every transaction in connection with an organization's affairs. Especially is that so with respect to the financial side of the matter. I do

suggest that there should be at least an order in council authorizing the employment of any such assistants. I say that in the light of my own painful experience. I believe there is an abuse of the authority conferred and—I do not make this statement as a reflection upon the government—sometimes these jobs have a habit of lasting a very long time, once begun. I say the government should exercise control, and say "No; we are not going to spend $25,000 for this particular purpose. We are not getting balance sheets ready. What we are investigating is whether or not there is cause for criminal investigation."

For instance, I would direct the minister's attention to the Nash fruit case; from that he will get an idea of what I mean. The investigation took place before the late government took office. He will find the same thing in connection with the price spreads commission, and in connection with one other commission. I have thought, and still think, that the amount of public money expended in this way was out of all proportion to what was necessary. A trial is not involved. The enormous sums of money spent in this way were brought to our attention before we went out of office. I think it would be desirable to have the governor in council exercise control before such expenditures are incurred.

Mr. KINLEY: Does the right hon. gentleman not think that the preliminary inquiry is a great protection for industry, and that in order to have a complete preliminary inquiry there should be complete investigation before publicity is given and before possibly irreparable harm is done?

Mr. BENNETT: But the preliminary investigation takes place after the investigation we are now considering. From a legal standpoint, the preliminary investigation takes place after this one, which is a departmental inquiry as to whether or not there is a prima facie case made out. Then complaint is made, the attorney general takes proceedings, there is a prolonged investigation, and the matter is sent on for trial.

Mr. KINLEY: It all contributes to the decision as to whether or not the minister and commissioner will hold a public inquiry?

Mr. BENNETT: It may be part public and part private, or both.

Mr. KINLEY: But the committee can see that premature public inquiry into a business may do harm. A special commissioner looks into the matter first; the preliminary inquiry comes next, and the minister and the commissioner may decide that it is not necessary to have a public inquiry. I believe in order to have a complete preliminary inquiry it is necessary beforehand to have all possible evidence.

Mr. BENNETT: That part of it has been settled. The question now is as to whether or not the commissioner shall employ costly help, with or without the consent of the governor in council.

Mr. KINLEY: The word "costly" is assumed; it is not used in the section.

Mr. BENNETT: I use that word in the light of experience. I do not like to move amendments, because they are not received with great favour, but I do suggest that the section should read: "with the approval of the governor in council" instead of "with the approval of the minister." I make that suggestion out of my own experience.

Mr. ROGERS: I am agreeable to that suggestion. I believe section 11 does bear on the same point, but applies only to remuneration.

Mr. ESLING: Mr. Chairman, it seems to me there should be a more direct way of bringing these matters to the attention of the department. Reference has been made to radios. This is one case where it does not need any stretch of the imagination to know that a monopoly exists. No one can manufacture radios in Canada without first obtaining the consent of Radio Patents Limited, which is a holding company controlling every patent which enters into the construction of a radio. I suggest that the Department of Labour and the Department of National Revenue take steps to give the general public more intimate information in connection with the conditions surrounding the control of these patents. The Minister of National Revenue is probably aware that the difference in price in the United States and Canada for exactly the same radio is about 100 per cent. That difference against Canada is caused solely by the control of the patents. It is not as though the manufacturer had to deal with only one patentee; he must deal with this holding company which controls every patent.

I have a complaint from a man who purchased a radio in the United States for $35, which he said would have cost him $80 in Canada. He brought it back under the $100 exemption clause, declared it and received a clearance. Shortly after, he was served with a notice that he was infringing certain patent rights by reason of the fact that he had brought the radio in from the United States, and he was called upon to pay a royalty. It is such incidents as this that cause discontent. I think the government would go far towards

relieving this discontent if they made a clear statement, say in the Labour Gazette or the National Revenue Review, explaining the conditions imposed by this holding company. I think the government should go further and take steps to remedy a situation which permits a monopolistic control over all these patents.

I suggest that more direct action could be obtained in connection with certain matters by the Department of Labour, under which the combines act is administered, if these special commissioners were directed to investigate. Take gasoline, for instance. We have had dominion royal commissions and provincial royal commissions, costing thousands of dollars, investigating gasoline prices; but nothing has happened. You can go into any community in the southern part of British Columbia and you will find the wholesale gasoline companies selling at a fixed price, for resale at a fixed price. A commissioner would not need affidavits and so on to find this out. He can go to any service station and he will be told that the wholesale price of wholesale companies is exactly the same, and that the service stations are required to sell at a common price. If they do not sell at that price they are penalized. Surely such a practice is a violation of the intention of the combines act.

Why should the price of gasoline in the interior of British Columbia be more than the price in Vancouver plus the freight? The same provincial taxes are paid, and there is the same spread between tank car and station. The price of gasoline is exactly the same at all service stations in any one community in the interior, and the wholesale price is exactly the same. The selling price to the public should be the same as the price on the coast, plus the freight.

There are other matters which enter into the determination of whether or not there is a combine. Sometimes the financial position of the man who is complaining enters into the question. The minister will recall that a few years go there was an inquiry into the Famous Players company, instigated by a competitor who was unable to secure films. Mr. Peter White was the royal commissioner, and he found that the charges were well founded. The matter went to the grand jury, which returned a true bill. The provincial government of British Columbia did not bring a separate action. The joint action brought by Ontario and British Columbia was fought by a battery of able lawyers acting for Famous Players, and they were able to show that the indictment was faulty.

The fact is this man wanted to get films. He and his solicitor went to every film agency in Vancouver, but they were unable to secure any films. Mr. Peter White, the royal commissioner, was satisfied that this was the case. When conditions such as these are brought to the attention of the commissioner of combines, why should it be necessary to go through a lot of red tape in obtaining the affidavits of half a dozen people? Surely a commissioner who possessed any ability or common sense could visit a community and ascertain that certain facts were so. He could then make his report to the department, and any prosecution could proceed from that point. I think if such steps were taken it would go far toward restoring the confidence of the people, not only in the present but in future administrations.

Mr. MACKENZIE KING: The minister has accepted the suggestion of the right hon. leader of the opposition (Mr. Bennett) and I would move for him that section 9 be amended by substituting the words "governor in council" for the word "minister" in line 21.

Amendment agreed to.

Section as amended agreed to.

On section 10—Duties of assistants.

Mr. BENNETT: I think that all the words after "commissioner" in line 30 to the end of the section should be struck out, the reason being that it is very unusual, and certainly against precedent, to have a commissioner delegate his powers to any employee or person who may be engaged for special purposes. If we end at the word "commissioner" we say that:

> Any technical or special assistant or other qualified person employed under this act shall, when so authorized and deputed by the commissioner, inquire into any matter within the scope of this act as may be directed by the commissioner.

Surely we cannot have auditors going out and exercising punitive powers and the like. The old rule was, delegatus non potest delegare; this is a delegated power, and I think the Minister of Justice will admit that it is highly improper that somebody else should exercise those powers.

Mr. ROGERS: I shall be glad to accept that suggestion and to have the words struck out. I will ask my colleague the Minister of Justice if he will make the amendment proper in the circumstance.

Mr. LAPOINTE (Quebec East): I move:

> That all the words after the word "commissioner" in line 30 be deleted.

Amendment agreed to.

Section as amended agreed to.

On section 11—Remuneration and expenses.

Mr. LAPOINTE (Quebec East) moved:

That subsection 2 of section 11 be amended by adding after the word "expenses" in the first line of the subsection the following words "of the commissioner and."

Mr. BENNETT: I think that makes it wrong.

Sir GEORGE PERLEY: The remuneration of the commissioner is provided for under section 5.

Mr. BENNETT: This dealt only with the special commissioner.

Mr. ROGERS: Section 5 simply states that:

The commissioner shall be paid such salary as may be from time to time fixed and allowed by the governor in council.

Amendment agreed to.

Section as amended agreed to.

Section 12 agreed to.

On section 13—Offices and equipment.

Sir GEORGE PERLEY: I am sorry, but I no not like this clause at all. It looks as though some one were trying to build up a great organization as a special branch of the Department of Labour. I see no possible reason or argument why the commissioner should have offices anywhere else than in Ottawa. If he has in hand an investigation which requires some place in Winnipeg to carry it on, perhaps a room in some building, it surely would be proper for him to engage it and be reimbursed as part of his expenses. But to suggest that there shall be offices—innumerable, if the commissioner so wishes—all over Canada, is extraordinary, and I submit that there is no necessity for this clause. We have had too many examples in governmental administration of officers building up an organization for the purpose of increasing their own importance and spending money unnecessarily. All that a commissioner could ever need when away from Ottawa would be a room, which could be paid for as part of his ordinary expenses. But to set up regular offices—

Mr. BENNETT: Stationery and equipment.

Sir GEORGE PERLEY: Yes, there is no necessity for it whatever. The offices should be in Ottawa. All the business could be carried on here excepting when, in the case of some particular investigation, the commissioner went to another city.

Mr. ROGERS: This particular section as it appears in the present bill is not new.

Mr. BENNETT: We took it out, deliberately, in 1935.

Mr. ROGERS: It appeared first in the Board of Commerce Act, and was continued in the Combines Act of 1923 and in the revision of 1927. I understand that this section with a number of other sections of an administrative character was omitted from the act of 1935, because the Combines Act was placed under the direct administration of the tariff board. I am informed that actually it has seldom been invoked in the past, and when offices have been opened elsewhere they have been opened temporarily, for the matter of a few weeks. I can assure the house that there is no intention to set up anything in the nature of a permanent organization outside Ottawa. It is quite obvious that there would be no purpose served by doing that. The section is here rather to authorize the setting up of an office which might be needed during a prolonged investigation at a distant point.

Mr. BENNETT: You will observe that the word is "establish."

Mr. CAHAN: A temporary office would be a part of the commissioner's expense.

Mr. BENNETT: It would be part of his job.

Mr. ROGERS: He may:

. . . establish at any place or places in Canada such office or offices as are required for the discharge of the duties of the commissioner and of any special commissioner under this act, and may provide therefor the necessary accommodation, stationery and equipment.

I do not think there is anything in that which suggests of necessity the setting up of a permanent office. Certainly nothing is further from my own mind.

Sir GEORGE PERLEY: The minister's statement confirms me in my opinion. If temporary quarters are required at any place in Canada for the purpose of carrying on an investigation by the commissioner, they can be rented by him and the cost put into his ordinary expenses. There is nothing to prevent that from being done; it is a common practice in business. But this section definitely contemplates permanent offices in other places than Ottawa.

Mr. ROGERS: Would it meet the situation if the word "temporary" were inserted before "such office or offices"?

Sir GEORGE PERLEY: Is there not sufficient authority in the bill for the commissioner to rent quarters in Winnipeg or elsewhere temporarily for the purpose of carrying on an investigation and to include the cost in his ordinary expenses?

Mr. ROGERS: I suggest that it stand until we see whether there is another section of the act which will cover expenses of that character. Obviously that is the only point at issue.

Sir GEORGE PERLEY: Would the minister consider whether the rental of space in Winnipeg or elsewhere to carry on one of these investigations is not evidently a proper expense, just as much so as the commissioner's railway fare for getting there, or his meals while he is there?

Section stands.

On section 14—Application for investigation.

Mr. THORSON: I have one suggestion to make. In section 11 of the existing act the terms "attorney, solicitor or counsel" are used. In the amending bill the term used is "other person." I wonder whether it might not be better to use the terms "attorney, solicitor or counsel or other person," to ensure that notice might be sent to any attorney, solicitor, or counsel or to any other person who did not answer to any of these descriptions.

Mr. BENNETT: An attorney is a person. Perhaps you will recall, Mr. Chairman, the story that O'Connell told of a case that was not so good. The judge directed that the court should be cleared, and the crier called out "All ye blackguards that are not lawyers leave the court." Attorneys will come under the term "other person."

Mr. ROGERS: In view of what has been said, I do not think it is necessary to add other words. The words "other person" would seem to be broad enough to include an attorney. There is no desire to exclude any attorney, nor is there any reason why he should be excluded because of the present wording.

Mr. BENNETT: At the end of the old section there appeared after the word "public" the words "whether consumers, producers or others." I am curious to know why they are omitted from the present section.

Mr. ROGERS: The intention here is to relate this to the earlier definition of the type of activity which is regarded as constituting the offence; that is, the offence against the interest of the public.

Mr. BENNETT: But the minister will see, if he will look at line 31 of section 2, these very words "whether consumers, producers or others." Why was it not thought desirable to reproduce them in section 14 so as to maintain consistency? The offence must be shown to be against the interest of the whole public, and if you add the words I have quoted you will preserve that consistency as between section 2, the interpretation clause, and the section now before us.

Mr. ROGERS: That might very well be done. I would ask the Minister of Justice to move an amendment to that effect.

Mr. LAPOINTE (Quebec East): I move that after the word "public" at the end of section 14 there be added the words "whether consumers, producers or others."

Amendment agreed to.

Section as amended agreed to.

On section 15—Preliminary inquiry.

Sir GEORGE PERLEY: Does the minister consider this clause really necessary? I am not a lawyer, but this section seems to me to give power to the commissioner to make investigations into charges with respect to combines. Would he not properly make some preliminary inquiry into any allegation before proceeding with an investigation?

Mr. ROGERS: The commissioner acts under the direction of the minister, and in the past it has been found that there is much to be said for a preliminary inquiry. It will be understood that sometimes vexatious applications are made, and it appears desirable that there should be a preliminary inquiry of this sort to determine whether or not there is sufficient evidence to justify a further investigation.

Sir GEORGE PERLEY: I see that; it is quite evident. But would he not have power in any case to make some investigation before he started the inquiry?

Mr. BENNETT: Before the minister answers that question I would ask him to look carefully at the language of the section: (a) the commissioner "shall on application made under the last preceding section" or (b) "on direction by the minister." I doubt the wisdom of that; I say so with all deference. I am not speaking in any personal sense but I doubt whether it should be for the minister, without anybody making an affidavit or a declaration, to say: Go ahead and hold a preliminary investigation regarding these people. And (c) "or may whenever he has reasonable cause to believe that a combine may exist." That refers to the commissioner. Surely that is not quite the proper way to put the investigating powers of this statute into operation. What we start with is the presumption that the public interest is affected. Six citizens have directed attention to a condition and given reasons for their belief that a combine exists, and then the

commissioner acts. Now we are adding a section which declares that when he does get that complaint he may make a preliminary investigation, and with that, as the member for Argenteuil (Sir George Perley) has said, we are wholly in accord. But we add two other things. We say that the commissioner himself, of his own motion, may act, which is putting into the hands of one man a power that is certainly not consistent with our general conception of judicial fairness.

Mr. LAPOINTE (Quebec East): But the commission could do it under the existing act.

Mr. BENNETT: Yes; but what I say is that now we are dealing with the act in the light of present day conditions and we should deal with it as of 1937. I say that it is not consistent with our general conception of judicial fairness that we should put that power into the hands of one man.

Mr. LAPOINTE (Quebec East): It is now only two years since 1935.

Mr. BENNETT: Yes, but look what has happened; you are there and I am here.

Mr. LAPOINTE (Quebec East): There is something in that.

Mr. BENNETT: And according to the Minister of Labour a great public good has accrued. Be that as it may, I do not think it is sound to place in the hands of one man, whether he be a minister or anyone else, the power of his own mere motion, because he thinks that a certain condition exists, to start the machinery of investigation. I believe that the general principle that six citizens should make complaint is a sound basis on which to put the machinery into operation. I must say that I protest strongly against this method, despite the fact that it may have been adopted a year or two ago. I did not have leisure then to examine statutes as I have now, and I daresay the minister's experience will bear that out.

Mr. STEWART: The previous section concerned a commission of more than one person, three or five, or whatever the number of members of the tariff board may be. It is altogether different to say that one person shall move in the matter. There is a great deal of difference between the action of one person and the collective action of three or five.

Mr. BENNETT: Will the minister look at the difference in language between the old section and the one now before us. The old section provided that the commission should act "whenever it has reason to believe that a combine exists"; this section merely says "has reasonable cause to believe that a combine may exist." There is a distinct difference there. One was a commission of three, presided over by an ex-judge, and the other is one man without legal training, who will arrogate to himself the right to say that in his opinion there is a combine and then start the machinery of the law. He might do it for any reason in the world except the public interest; he might be annoyed about something.

Mr. CAHAN: He can act without the minister's knowledge or approval.

Mr. BENNETT: Yes, just because he had a bad night.

Mr. ROGERS: In the past these preliminary inquiries have been initiated in the manner indicated; that is to say, prior to the setting up of the Dominion Trade and Industry Commission the minister did have power to initiate a preliminary investigation. I do think there is something to be said for the retention of that power of initiation on the part of the minister. It may not be possible at all times to find six persons who are willing to make the application. It is possible that evidence may come to the minister which convinces him that a situation does exist which calls for preliminary inquiry. In that case he must take the responsibility for instituting the inquiry.

Mr. BENNETT: That is governmental responsibility, which I fully understand.

Sir GEORGE PERLEY: What about the next part:

> or may whenever he has reasonable cause to believe that a combine may exist.

Mr. ROGERS: That has been a power exercised prior to 1935 by the registrar under the combines act, and not a few preliminary inquiries were carried out in that way. I might read section 12 in the act of 1923:

> Whenever such application shall be made to the registrar, or whenever the registrar shall have reason to believe that a combine exists or is being formed, or whenever so directed by the minister, the registrar shall cause an inquiry to be made into all such matters, whether of fact or of law, with respect to the said alleged combine as he shall consider necessary to inquire into with the view of determining whether a combine exists or is being formed.

I think, as a matter of fact, that the use made of the machinery for preliminary inquiry has been very salutary. That is, it has in some cases avoided further inquiries which would not have disclosed that a combine actually existed. Probably the registrar, or in this case the commissioner, who is in constant touch with the act and its administration, would be better able to determine the wisdom

of carrying out a preliminary inquiry than anyone else. If it is done under the direction of the minister, then obviously the minister must take full responsibility.

Mr. MacLENNAN: I am more apprehensive of the power placed in the hands of six persons under section 14. Possibly six competitors of some business firm may make application; then, by section 15, this preliminary inquiry must be instituted. The hon. member for Queens-Lunenburg (Mr Kinley) said that there ought to be a good deal of circumspection in regard to starting an inquiry into anyone's business. Suppose nothing detrimental to the public was found, the very fact of an inquiry being started does not look well for a firm or corporation. I prefer that the minister or someone responsible to the people should start an investigation rather than some six men who possibly are not responsible.

Mr KINLEY: I think the preliminary investigation is for the protection of industry, and there should be no publicity connected with it. If six persons make an application, the minister will have a preliminary inquiry. No one is hurt much by a preliminary inquiry, but he is hurt by a public inquiry, because business is based upon confidence and credit, and there is always a certain stigma about a public inquiry. I think the preliminary inquiry is for the protection of industry more than anything else, so that trivial and vindictive reports may be thrown out—

Mr. ROGERS: No preliminary inquiry has ever been held in public. I think that does bear on the point raised by the hon. member for Inverness-Richmond (Mr. MacLennan). I think there is something to be said for making it possible for a preliminary inquiry to be instituted by a commissioner. It is conceivable that you might have a minister who was not sympathetic to the administration of the act, and if his direction were required he might prevent preliminary inquiries which obviously were desirable.

Mr. BENNETT: But that is the whole basis of responsible government. Surely the minister with his wide knowledge of constitutional government would not put that up. The minister, whoever he is, would have to take the responsibility for it before parliament and the people.

Mr. ROGERS: Many commissions operate without going to the minister.

Mr. BENNETT: I suggest that the minister consider seriously striking out all the words between "minister" in line 37 and "cause" in line 39—"or may whenever he has reasonable cause to believe that a combine may exist"—for this reason: all he has to do is to speak to his minister, and as the minister directs, that is the end. The responsibility becomes the responsibility of the government and is thus a public matter. That is the proper course. The question of ministerial responsibility is the basis; the government takes the responsibility. The commissioner should not be a law to himself. This bureaucracy should not be set up; the matter should be under the control of the minister. The commissioner comes to the minister and says: I believe a combine may exist here. The minister asks: What is your evidence?—Well, I will not consider that at all. And that ends it.

Mr. ROGERS: The trade and industry commission had just that power.

Mr. BENNETT: That is a commission of three people presided over by a judge.

Mr. ROGERS: But I take it the constitutional point is not affected by the difference between one commissioner and three.

Mr. BENNETT: No, but the difference is that in the one case it is: "there is reason to believe," in the other it actually may exist. You have a commissioner appointed who holds office and is not responsible to anybody, and he says: I exercise my best judgment. He goes to his minister, or writes him a letter or telephones him, and makes a memorandum of it afterwards, and he says: I have reason to believe a combine exists here. Then the minister says: I direct a preliminary inquiry. But this is widely different. To give the commissioner power to do it of his own volition is a negation of our whole theory of responsible government. It is an arbitrary exercise of power arrogated to one man who is not responsible to anybody. I think that is wrong, and if the minister will just give it a moment's thought I am sure he will say it is wrong.

Mr. KINLEY: Under this section the minister has nothing to do with the preliminary inquiry if six people make an application.

Mr. ROGERS: That is true.

Mr. KINLEY: But if an investigation is to be started by the department I think the minister, who is responsible to the people, should take the responsibility for commencing that inquiry, and the commissioner should not be able to start inquiries of his own volition.

Mr. ROGERS: Mr. Chairman, I quite see the weight of the argument in support of the contention made by the right hon. leader of

the opposition and the hon. member for Queens-Lunenburg. I do think, however, that if it would be a breach of constitutional responsibility to allow this in the case of one commissioner, it would be equally so if the commission consisted of three members. I really cannot see the material distinction there. You might have three members of the trade and industry commission just as much under a temptation as a single commissioner to carry out inquiries which ought not to be instituted. I take it the leader of the opposition would also accept that view of it.

Mr. BENNETT: I do not say for a moment that the fact that any such provision is there made it right in the one case any more than it is now; but here we are dealing with a single commissioner. I simply say that it is a negation of ministerial responsibility to create a situation such as this, which I think the minister would be the first to condemn. From what I know of the two hon. gentlemen who sit to his immediate left there is no doubt about what they have always thought.

Mr. KINLEY: If six people in Canada want an inquiry, the commissioner goes ahead and holds one; the inquiry must go on. But if it is to be a matter of departmental or governmental policy, surely the man to take the sole responsibility for that is the minister, who is responsible to the people. He should say whether or not that inquiry should proceed.

Mr. ROGERS: I will ask my colleague the Minister of Justice to move the amendment suggested.

Mr. LAPOINTE (Quebec East): I move that all the words in line 38 of section 15, and the words "a combine may exist" in line 39 be struck out.

Amendment agreed to.

Section as amended agreed to.

Section 16 agreed to.

On section 17—Investigations.

Mr. BENNETT: There is a very real difficulty in connection with this section. Under section 16 the minister may review the decision of the commissioner before anything is done. Under section 17 it will be seen that if it is decided that further investigation is justified the commissioner, not the minister shall cause an investigation to be made. First the commissioner must hold the preliminary inquiry, and this again leaves it to him without any control by anybody. I suggest that the words "with the approval of the minister" should be inserted, which would cause this section to read:

If after a preliminary inquiry the commissioner decides that further investigation is justified, with the approval of the minister he shall cause an investigation to be made—

I think that is the basis of this whole act, judging from what has been said from time to time. I should like the minister to consider it from that angle.

Mr. KINLEY: The point is that the commissioner must get the consent of the minister to stop, but he can go ahead on his own responsibility.

Mr. BENNETT: Quite so. Before the minister deals with that, may I point out to him what I consider to be one of the most difficult features of this bill. This section provides that the commissioner shall make inquiries concerning all such matters, whether of fact or of law, and so on. There have been real difficulties in this connection. What capacity has the commissioner to deal with questions of law? I think what the Prime Minister said this morning is the essence of it; an investigation is an inquiry into the facts, and when we say that the commissioner is going to investigate all such matters, whether of fact or of law, at least we should have someone who is qualified to do so. From what was said this morning by the Prime Minister I gathered that in his judgment this was essentially an investigation of facts, and that was my judgment always. When you talk about a commissioner untrained in law investigating questions of law, I wonder if you are not going just a bit far. It is bad enough, as the Minister of Transport would say, to have these high-powered lawyers investigating these matters, but when we have someone without any legal experience charged with the responsibility of investigating matters whether of fact or of law, where do we land?

Mr. KINLEY: Does not the minister take responsibility under subsection (2) of section 16 in any case? That subsection reads:

On written request of the applicants or on his own motion, the minister may review the decision of the commissioner under this section, and the decision of the minister shall be final and conclusive and shall not be subject to appeal or review.

Mr. BENNETT: The power to stop is in the hands of the minister, but the power to start is solely in the hands of the commissioner, after a preliminary inquiry. Perhaps it would be well if the minister would look into that section also.

Mr. ROGERS: Quite so. Perhaps this section might stand.

Section stands.

On section 18—Requirement of written returns.

An hon. MEMBER: Carried.

Mr. BENNETT: I wonder if the hon. gentleman who sang out "Carried" so loudly has looked at this section. He is a man of business, and I wish he would just look at it.

Mr. ROGERS: There is no change in the principle.

Mr. BENNETT: The last part is the essence of it, with respect to contracts or agreements. I have heard complaints made about the character of the information required not being of any value. I speak now from the standpoint of experience. The last part certainly is essential.

—a full disclosure of all contracts or agreements which the person named in the notice may have at any time entered into with any other person, touching or concerning the business of the said person named in the notice.

That is clear. The very essence of a combine, as defined by section 2, there becomes the issue. But look at the rest of it. It is a very arbitrary power to hand to one man. Consider what the consequence may be.

Mr. ROGERS: But is this not relevant to the point? Quite true that when you are dealing with a combine or combination as outlined in the earlier definition, there would presumably be evidence of contracts and agreements; but if you are dealing with a monopoly, trust or merger, that would not necessarily be the case. Surely in order to prove activities against the interests of the public it might be necessary to have access to documents other than agreements and contracts concerning the particular business in question.

The CHAIRMAN: Shall clause 18 carry?

Mr. BENNETT: No; but I am not going to waste more time about it.

Mr. LAPOINTE (Quebec East): Carried on division.

Section agreed to, on division.

On section 19—Investigation after requiring written returns.

Mr. STEWART: This is a new section.

Mr. ROGERS: This, and section 20.

Mr. BENNETT: Part of it is new, and part of it is a combination. If the Minister of Justice will look at section 19 he will see how contrary to some of the general views of jurisprudence it runs. A commissioner is to do all this. He is now investigating a question of fact and law and he says: If after receipt of these returns made in compliance with the act I consider the circumstances so justify I may do so and so. What does that mean? If he considers circumstances so justify, he may enter and pick up my books. He may do that, after he gets the return. If no return is made,—

—within a time set in the notice requiring such return or within such further time as the commissioner may upon application allow, the commissioner may investigate the business, or any part thereof, of the person making or failing to make such return, and may enter and examine the premises, books, documents and records of or in the possession or control of such person.

That puts a direct premium on not making a return. If he makes a return they take his books; if he does not make a return, they take his books. Therefore it would be better not to do it. That would be the obvious conclusion with respect to that section. That did happen, as a matter of fact.

Mr. ROGERS: This would appear to be a question of policy in connection with the administration of the act. Section 19 provides for the investigation of the business and the records of persons who have been required to give information. I might say that this section is to the same effect as section 15 of the former act. It was repealed by the amendment of 1935. In the present instance the word "commissioner" is used instead of the words "registrar" and "registrar or the minister".

Mr. BENNETT: I have given some reasons why it was repealed in 1935. I do ask the minister and members of the committee to look at the true significance of the section. It enables a man, one person, without reference to a minister or to a court to take possession of books of any person who has not made a return which he thinks is satisfactory. He arrogates to himself this right, and may say: "This is not satisfactory; I will take the books and he may go and take them.

Mr. KINLEY: He has to find them first. I have heard of them being lost.

Mr. BENNETT: Yes, but I am leaving that out for the moment. The Minister of Justice will surely admit that this is an extraordinary power. In my observations I have known of no such power being placed in the hands of a layman clothed with a little brief authority, and without regard to anything except his own judgment, his own discretion and his own state of mind. He may say: I am not satisfied. Is that fair?

Mr. ROGERS: There is his oath of office and his sense of public duty.

Mr. BENNETT: Yes. As it stands, section 19 was not included in the 1935 act for the reasons I have given. I cannot stand in my place as a member of the house and place in the hands of one man, without reference to his minister or reference to anybody, the power to say: I am not satisfied with what these people have given me, and I am now going in to clean out their books—with all the publicity incident thereto. That was done in this country. The mounted police did go and take books, because the commissioner was not satisfied.

I must say I think the minister would be well advised to reconsider any such power as that being granted in this twentieth century to any person who, for the moment, is clothed with the position of commissioner.

Mr. ROGERS: In order to disclose the existence of a combine under the act, obviously it may be of the utmost importance to have access speedily to all documents in possession of the person or persons whose activities are being investigated. We will assume that the minister initiates the investigation; he takes the responsibility for that.

Mr. BENNETT: Quite.

Mr. ROGERS: I take it that all that is contemplated here is pursuant to the investigation, and in order to determine whether or not evidence exists upon which a full inquiry may take place. Is it out of the way that a commissioner who is under instructions to carry out a preliminary inquiry of that kind should not have these full powers in order to obtain access to documents, so that he may determine whether or not there is sufficient case for further inquiry?

Mr. BENNETT: The minister has asked a fair question, but he has overlooked the section with which he is dealing.

Mr. ROGERS: Section 19.

Mr. BENNETT: Yes, it states that if, after the receipt by the commissioner of a return made in pursuance of his power as a result of a request made by him to the party,—

> the commissioner shall consider that circumstances so justify, or if after a return under this act has been required none is made, or none is made within a time set in the notice requiring such return or within such further time—

—he may do so and so. He may go in and take possession of the books, documents and records in possession and control of such person, and may examine them. Now, mark you: What founds his authority? His mere state of mind. In other words, just because I say: I am going to do it; circumstances justify it. What are the circumstances? If you go so far as to say that he may do so with the consent of the minister, and let the minister exercise his authority, then we have ministerial responsibility. But if you say that this man, who may possibly have ill feeling towards someone or may be dissatisfied with someone may say: Well, the circumstances justify it; I am going to walk in and take possession—you have a different position. He may walk in and take possession of the books. I do not think that is the twentieth century way of doing it.

Mr. ROGERS: May I suggest that this section stand for further consideration?

Section stands.

On section 20—Investigation into business of alleged parties to combine.

Mr. BENNETT: I mentioned to the Minister of Justice (Mr. Lapointe) this afternoon what is involved in this section. This is a delegation of power to somebody to enter and examine the premises, books, documents and so on of any person who the commissioner believes may be a party or privy to or have assisted in the formation or operation of a combine. The section reads:

> The commissioner shall have authority to investigate the business, or any part thereof, of any person who the commissioner believes may be a party or privy to or have assisted in the formation or operation of a combine, and he or his duly authorized representative may enter and examine the premises, books, documents and records of or in the possession or control of such person, and make copies of or retain any of such books, documents or records which the commissioner or his duly authorized representative believes may contain information relating to an offence against this act.

There is no gainsaying the general rule that a man is not bound to go into a witness box and incriminate himself; but now we are giving the commissioner authority to take his books and make copies therefrom. The reason given for this is that the circumstances are not satisfactory; and all the time you have in mind the desire to prosecute him for an offence made criminal by the statute. I think the minister will agree that that is going too far. It is going even farther than we regarded as sound when we were a bit hysterical at times.

Mr. ROGERS: I can appreciate the difficulty created for the leader of the opposition by the wording of this section, but it seems to me that possibly he is exaggerating the likelihood of a commissioner carrying on an investigation of this kind in a vexatious manner.

Mr. BENNETT: It has been done.

Mr. ROGERS: We must also guard against going too far in the other direction and frustrating the purposes of the act; and I am a little fearful that if we should take the action suggested, we might bring about that effect. A commissioner would be acting in a quasi judicial capacity. In connection with many inquiries of this kind we have had to confer very wide powers upon those who conducted the investigation. We must not underestimate the organized ingenuity of those who set up combines, monopolies, and mergers for the purposes indicated. I think we must recognize that unless wide powers of this kind are made available, it may lie within the power of those who have got control against the public interest in the manner contemplated by this bill, to escape entirely the consequences. I do not wish to take an unreasonable view of this. Other sections have been allowed to stand for further consideration, but I should like to guard against weakening the bill.

Mr. KINLEY: The purpose of this bill is to protect the public interest, but sometimes it is hard to designate just what is the public interest. Many times the public interest is a divided interest as between different elements in the community. What I might think was eminently in the public interest, some one else might think was not. The whole thing is left in a fog of uncertainty. The minister said this morning that when you saw a red light, you stopped. But a red light is a definite thing; you know what it is. Who is going to determine beforehand what is the public interest? I realize that this is only an investigating act; but we must not forget that what might be considered at one time to be in the public interest might not be so considered at another time. It might be regarded as hard sometimes for a business concern to decide just what is not in the public interest.

Mr. ROGERS: In the last resort it would be for the commissioners who undertake the investigations, and more definitely for the courts which will give judgments when informations have been laid, to decide what is in the public interest. A series of decisions have been created which indicate the kind of business practices which are against public interest. I do not say that that body of law is rigid and unyielding, I agree with my hon. friend when he says that it may be subject to change under certain conditions. There may be a change in our own sense of public obligation as it affects business. Perhaps it would not be too far-fetched an analogy to suggest that under a bill such as this there might be developed a body of business equity which would be considered as rules in the governing of business, particularly with regard to those organizations which, because of the tremendous power they have acquired, are affected to a great degree by their obligations to the public. I do not think it would be possible to indicate in advance precisely what would be against the public interest, except possibly in the extreme cases of price control, wage exploitation or other matters of that kind.

Mr. KINLEY: To cite a specific case, suppose the fish companies on the Atlantic coast decided that a higher price should be paid to the fishermen for the fish they delivered. Some one in Canada might say that that was not in the public interest. Coming from the district I do, I would say that anything that would raise the price of this commodity would be in the public interest of my constituents. We have only to listen to the discussions in this house to see where the public interest lies. "Where a man's treasure is, there will his heart be also." Anyone who can define public interest with certainty is doing something which business men find it very difficult to do. There is an added difficulty in the fact that if ultimately an act is found not to be in the public interest, very drastic penalties are incurred; so it is well to know beforehand.

Mr. BENNETT: I am sure the minister has not followed me with respect to section 20. The section is divided into two parts. The first part authorizes the commissioner to carry on the investigation of a business, and the second part enables the commissioner or his duly authorized representative to enter and examine the premises, books, documents and records. I once saw an effort made to take books from a solicitor's office.

Section stands.

Progress reported.

BUSINESS OF THE HOUSE

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I be given the permission of the house to make this motion, which relates to business near the close of the session:

> That, for the remainder of the session, all private bills from the Senate, when received from that house, be read a first and second time, and referred forthwith, and that standing order 105 respecting the posting of bills be suspended in reference thereto.

Mr. BENNETT: The effect of that is to send them to the committee at once?

Mr. MACKENZIE KING: Yes.

Motion agreed to.

Mr. MACKENZIE KING: I have one other motion: I move:

That, on Tuesdays and Fridays for the balance of the present session, unopposed private and public bills shall have precedence during the hour devoted to private and public bills.

That is merely to prevent one bill blocking all the others.

Motion agreed to.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 91, respecting the Premier Trust company—Mr. Ross (St. Paul's).

Bill No. 92, for the relief of Muriel Beatrice Brown Gray—Mr. Jacobs.

Bill No. 93, for the relief of Joseph Gédéon Emilien Tanguay—Mr. Jacobs.

Bill No. 94, for the relief of Mabel Marjorie Powter Johnston—Mr. Jacobs.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

TRANS-CANADA AIR LINES

ARRANGEMENT WITH CORPORATION RESPECTING LINES AND SERVICES FOR TRANSPORT OF PASSENGERS, GOODS AND MAILS

The house resumed from Wednesday, March 31, consideration in committee of Bill No. 74, to establish a corporation to be known as Trans-Canada Air Lines—Mr. Howe—Mr. Sanderson in the chair.

On section 1—Short title.

Mr. GREEN: Will the minister explain the present condition of the Trans-Canada airway, giving some idea of the different types of airports and landing fields, and of the services that are to be supplied; also, and more particularly, some idea of when he expects the air line to be in operation and the time required for flying across Canada?

Hon. C. D. HOWE (Minister of Transport): At present we have airports at intervals of forty or fifty miles from Vancouver to Halifax. These fields are in various stages of completion. From Winnipeg to Vancouver they are practically completed, having a minimum landing strip of 3,500 feet. Most of the fields have two way, and some three way, strips. Farther east the landing fields between Montreal and Winnipeg are now completed sufficiently for smaller craft. Some additional work must be done on these fields this summer, but I believe that by autumn the fields in that area will have been completed. From Montreal to Halifax many of the fields are under contract, but I am not sure when they will be sufficiently completed to permit the landing of larger aircraft. I do not know whether it will be this fall, but certainly we shall have these fields in operation early next year.

The beacon equipment, that is the radio beam equipment, has been purchased for the line from Winnipeg to Vancouver and is in different stages of erection. Equipment has also been ordered for the stretch between Winnipeg and Montreal. As regards the weather service, we have a skeleton crew trained and ready to establish the service on that route on very short notice. We have trained key men, and it is only a matter of expanding the service to take care of the various points that need to be covered. We intend to install teletype between fields so that the weather service can be carried on from any observation station, and the condition of the weather telephoned to the aeroplane wherever it may be.

We have laid the foundation for a first-class service which will be put into operation just as soon as the corporation can be set up and the necessary flying equipment delivered.

Mr. GREEN: Can the minister tell us approximately when it will be started, which parts of the route are to be flown first, and also the times from Montreal to Vancouver and from Montreal to Halifax?

Mr. HOWE: It is difficult to state a definite date because that is entirely dependent upon the delivery of the necessary flying equipment. The demand for aeroplanes for military purposes is taxing all manufacturers to capacity so I cannot be very definite about the date. Possibly September, I should think.

Mr. MacNICOL: What about Ontario?

Mr. HOWE: I believe the scheduled time from Montreal to Vancouver is sixteen hours; passengers leaving Montreal at eight in the evening will get into Vancouver at noon the next day. I have not seen the schedule from Montreal to Halifax, but I presume the time will be about five hours.

Mr. CHURCH: I cannot refrain from making a few remarks about this particular corporation to be known as Trans-Canada Air Lines, in view of the bitter experience which

this country has had with the Canadian National Railways in every department of its service—railways, ocean service and hotels. The Canadian National system is composed of some thirty or forty different entities, and there has never been public ownership of railways in Canada. The national system is the embodiment of all the mistakes of private ownership. As soon as we have got rid of those mistakes, all those combinations in restraint of trade, the government launches a new system, and Canada will live to regret the day it ever set up a corporation like this. Public ownership under the present minister has not a chance, whether on land, on sea, or in the air. The Canadian National was never a public ownership organization; on the contrary, it is anti-public ownership, for everything has been moved to Montreal.

I have given some study to this bill and I cannot see the use of all the strange language the minister has put into it. The country is going to put up the money but is going to have practically no control over the corporation. I cannot see why the government wants to create a transportation system of this sort, for the Canadian National has not been such a glorious success in transporting people on land or on the ocean, nor has its hotel service been so very successful. Every one can plainly see that the people of Canada are sick and tired of the way in which the road is run under public ownership, and now the government is going in for an air service. Such a service may be all right in England and the United States, but I can tell the minister that he will make the mistake of his life if he puts this service under the control of the national system. It should be completely owned by the public, a thoroughgoing public ownership venture, because the public will have to put up the deficits. Wait until you see the cost next year. Who is the vice-president anyway? Are we going to have a lot of office boys, clerks and students converted from laymen into vice-presidents? Who is the technical expert? Are there going to be in this air service any of the airmen who served in the war? I venture to say that politics will be rampant in the system just as it has been in the Canadian National. I wonder whether any of our great pilots like Bishop and some of our other Canadians will be employed?

This corporation system should not be embarked on; it has been weighed in the balance and found wanting. Take the ocean services, costing $1,500,000; the boats were put on the scrap heap for $50,000 when, with a little vision, they could have been used to carry coal from the maritimes to Ontario. Now the minister is going to launch a system in the air; he is going to build castles in the air, and there will be nothing left of public ownership. They are going to launch this system with its high-sounding name, Trans-Canada Air Lines, and what will happen after that? Parliament divests itself of all control over the money invested; parliament will be told by this high-sounding commission that it has nothing to do with it at all.

I have been in parliament longer than the minister, and I was surprised the other day when he replied to a polite question that I asked: "1. No information. 2. Answered by No. 1." That will be all the control that we shall have over this air service which he is going to establish, with presidents and vice-presidents, and secretaries, and a whole retinue of people. I venture to say the minister will not go up in the air in it himself. I would not, if they run the air service the way they run the land and hotel services. The people of Canada are sick and tired of this hide-and-seek corporation business, this multiplicity of commissions and committees, gambling with the taxpayers' money, and with parliament divested of all control.

What about the rates? Does no one control the rates? We have a railway commission; is it going to have any control? What about damages? If the airships are run the same as the railways, who is going to pay? The country spent hundreds of millions on Canadian National branch lines almost to the sun and the moon and the stars, under the high-powered Sir Henry Thornton in the big-eye days of this country. This Canadian National Railway bought out the Central Vermont, and what was the experience in connection with that bankrupt concern? What happened to the corporation? What became of the rolling stock? Hon. members know from bitter experience something of the history of the thirty or forty corporations composing the Canadian National Railways; what became of them all? Political administration and bankruptcy and all that kind of thing.

Do hon. members think Mr. Hungerford is going to administer these air lines? His work with the railway has not been such a great success, and now are we going to have him control these air lines, and castles in the air?

I have no faith in the present bill. It is too full of metaphysical language which the ordinary layman cannot understand. "Just as they do in England" is the cry. So far as the stock is concerned, the country is going to have a vaster system of speculation. Who wants to take stock in a concern like that, in which the government has 51 per cent, when they

should own 100 per cent? It is funny to see how the government shifts its position from day to day, doing everything by fits and starts, and nothing long. They wanted 100 per cent control of the Bank of Canada; and then they got down to a corporation system.

As to the experts, I should like to know whether the air marshal and Colonel Bishop were consulted about this. Did any experts recommend such a set-up? If so, I should like to read their report. If this is public ownership, the quicker we get rid of it the better. Public ownership has never had a chance under hon. gentlemen opposite, and never will have. They set up a committee known as the committee on railways and shipping; if this bill goes through, are the air line estimates to come before the house or before that committee?

We have a radio broadcasting commission, and they will not tell you who the officers are. The minister declined to give that information; but then the Prime Minister came back and the information was forthcoming. That committee on railways and shipping is the biggest whitewash concern on this continent. They sit around a table and call the first item. Then they say: Now let us get on to number two—no information given at all. When the present Minister of Finance (Mr. Dunning) was Minister of Railways he told me in the house: You can go to the committee and they will answer your questions. I went there; but could I get any information? No, the officers of the railway declined to give me a copy of the budget. That is all the control parliament has got.

This bill means going in for a vaster system of deficits than ever. The present minister is going to set up a sort of namby-pamby commission that will be up in the air, because the railways are up in the air all the time. This will result in increases in income tax and sales tax; and who pays? The industrial provinces, which do not want this kind of thing. Ontario is for public ownership of this system. We have seen the results of private ownership of the railways, and are sick and tired of the way our province has been used. Our assets have been squandered, and we have seen huge votes of money passed, so much so that the leader of the opposition (Mr. Bennett) said the other night that all the provinces would have been bankrupt if they had had to pay their guarantees and the cash advances and the other hand-outs and land grants which have been given to this railway.

This corporation would be all right if the country owned it, but it does not. We are told that we have 51 per cent; well, the politicians will own the other 49 per cent, and they will control those who own the 51 per cent, namely, the government of the day.

I am absolutely opposed to this bill. It has no redeeming features at all. I would not want to travel on these airships, and I do not think anyone would who knows the way the railways and the ocean services are run. I am absolutely opposed to this bill, as I believe every public ownership man in this country is. We shall not own anything at all; you will have a commission and a committee of ground officers who will just do as they are told by the government of the day—if they do not, their job will be in jeopardy. The Minister of Transport is not an air man. I do not know whether he has ever been up in the air, except that he was the other day when he replied to me "Answered by number one." In Toronto the city owns the street railway, and if that system is good enough for the municipalities it should be good enough for Canada.

This proposed air line is a private corporation. It is under quasi-government control, and competing against the land services of the Canadian Pacific and Canadian National. When it was proposed in 1923 that the railways should be permitted to issue commutation tickets to give them a chance to compete with motor traffic the administration of the day declined, and the result was that the business went to the motor trucks.

Mr. BARBER: I should like to ask the minister a question in regard to the western area, say from Lethbridge to the coast. Have sufficient test flights been made to convince him that he can maintain a year-round service through to Vancouver, having regard to weather conditions? The minister is no doubt aware that during certain times of the year there are storms in the mountains and fog conditions on the coast, and I was wondering if enough test flights had been carried out to enable the minister to say that a service can be maintained during twelve months of the year. I should also like to remind the minister that I understand consideration has been given to the establishment of an airport at Chilliwack, which is just outside the fog area. Negotiations have not been completed, but I believe he would find an airport there extremely useful. No doubt he will consider that in the near future; at least I hope so.

Mr. HOWE: We have tested that route through the mountains very thoroughly, and we believe we have one of the best of the four transcontinental routes now being used. We are studying the question of an alternative

landing field to take care of fog conditions on the coast, and before autumn I think we shall have that problem solved; we have not come to a final decision about it as yet. We expect to be able to fly twelve months in the year.

Mr. BENNETT: What pass are you going through?

Mr. HOWE: The Crowsnest pass.

Mr. GREEN: In order that we may have the whole picture before us in considering the bill, would the minister explain the present position with regard to the trans-Atlantic air service? The other night he said that Canada's share of the capital required, for the present at least, would be $1,250,000. I should like him to tell us just how Canada is interested in the trans-Atlantic air service; when it is expected to be inaugurated; whether or not it will be a year-round service, and what length of time this trans-Atlantic flight is expected to take.

Mr. HOWE: A tentative arrangement has been discussed between Great Britain, Ireland and Canada, which provides that Imperial Airways at their own expense will pioneer the route from Great Britain. After regular services have been established and operated for three months, the proposal is that a company will be formed in which Great Britain will have fifty-one per cent, Ireland and Canada twenty-four and a half per cent each, and that company will take over the service. Imperial Airways have already built the equipment necessary for the route, and initial flights are expected very soon. A reciprocal arrangement has been entered into with the United States under which Pan-American Air Lines have joint rights with Imperial Airways to fly this route. The president of Pan-American Air Lines was in Ottawa some two weeks ago to discuss one or two details in this connection and told me that he fully expected that the service would be carrying passengers and mail by next autumn, which is rather more optimistic than the view of Imperial Airways. However, I think the inauguration of regular services across the Atlantic will come certainly within the next twelve or eighteen months. Those who are expert in flying have no doubt whatever that a regular service for passengers and mail covering twelve months of the year can and will be established across the north Atlantic.

Mr. GREEN: Will Pan-American Air Lines fly via Montreal, or will they go direct from New York to Newfoundland?

Mr. HOWE: The arrangement provides that Montreal is to be the port, with Shediac, New Brunswick, as an alternative port to be tested.

[Mr. Howe.]

Mr. GREEN: What time is expected to be required for the trans-Atlantic flight?

Mr. HOWE: It is still in the experimental stage, but it will be somewhere around twenty-four to twenty-six hours.

Mr. REID: I wonder if the minister has any information regarding the inauguration of a proposed air mail route from Japan to California with landing fields in British Columbia. An article appeared in the press not long ago stating that Japan was about to inaugurate an air mail service to the United States, using the lower Fraser valley as a stopping-off place. I wonder if the minister has any information on that.

Mr. HOWE: I have no information whatever, except that I saw the same article in the press. No negotiations whatever are pending for the landing of the airplanes of foreign countries on the west coast.

Mr. PURDY: May I ask the minister if he is in a position to make any statement with regard to the proposed extension of the line from Moncton to Sydney? If he has anything discouraging to say I hope he will not answer me.

Mr. HOWE: At the moment we are concentrating on a main line from coast to coast. There are several problems having to do with branches such as the one mentioned by my hon. friend, but the development of those will have to wait until we can get the service established on the main route. After all, that is the most important feature; branch line operation would be of no value in any event until the main service is established.

Mr. GREEN: Are any negotiations under way for a British trans-Pacific air service?

Mr. HOWE: None.

Mr. PELLETIER: Before we embark upon this project, has the minister made any sort of canvass to find out what patronage he can expect for this line. Has he any statistics, or any idea of how many people will be using this service?

Mr. HOWE: A very careful analysis has been made of the air mail revenue which, after all, is the basis of all aviation revenues. It is a regular revenue, and there must be a regular service to meet the conditions of carrying the mails. Our Post Office Department has estimated that by the third year, under present traffic conditions, this line will pay for itself through the carriage of mail alone, without any revenue from passengers or express. As to passenger revenue, I can say

that the three air lines now crossing this continent have been unable in the last year to provide sufficient equipment to accommodate those who wish to travel in that manner. It is necessary to book passage some two weeks before you expect to board the plane in order to travel from one coast to the other; so I think we can look forward with confidence to a very considerable travel on our own line.

Mr. PELLETIER: I do not know whether the minister can answer this question, but has he any reason to believe that the cost of air transportation in Canada will at least compare favourably with the cost in the United States?

Mr. HOWE: We are basing our initial plans on the theory that the costs in Canada will be entirely competitive with those in the United States. At the present time the fare in the United States is six cents per mile, and we have every reason to believe that unless that rate is changed, that will be the fare in Canada also.

Mr. CHURCH: Will there be any control over rates? Will the railway commission have jurisdiction over rates and the safety of the public? Will there be any passes in connection with this air line? Will it be like some parts of the Canadian National, over-run with deadheads? Who will have control of it? Will this corporation be subject to the rules and regulations of the railway commission in regard to rates, equipment, safety devices and passes?

Mr. HOWE: The setting up of this corporation has been full of disappointments, and one of them is that we are unable to place it under the jurisdiction of the board of railway commissioners, through an unhappy accident to one of our bills. There will be no free passes; that is not done on airways.

Mr. FAIR: Would the minister inform the committee if it is the intention of the government to establish feeder lines in the various provinces to link up with the trans-Canada air mail service, and if so whether these contracts will be made with private companies; or does the government intend to establish other lines in the same way as the one under discussion at the present time?

Mr. HOWE: This line has to do purely with the trans-Canada service. So far as connections from the north are concerned, I feel sure they will be operated by private services which are occupying that territory to-day. So far as international connections are concerned, I presume that for national reasons we would wish to have those services operated by the Trans-Canada Air Lines. But the main purpose of Trans-Canada Air Lines, is to set up a trans-continental service.

Mr. FAIR: My reason for asking is that a few days ago I had correspondence from the Lloydminster board of trade. Lloydminster is a town situated partly in Saskatchewan and partly in Alberta. Apparently it is quite awake, and has been for the past number of years, to all the possibilities connected with trade and industry. At a recent meeting of the board of trade the following resolution was unanimously adopted and sent, I believe, to the Minister of Transport, the Postmaster General, and to myself:

> Whereas it is desirable in order to encourage the training of pilots in Saskatchewan, and
> Whereas it is still more desirable that these pilots when trained should be able to secure employment;
> Therefore be it resolved that the board of trade go on record as favouring the granting of contracts for the carrying of air mail on feeder lines to the main route of the trans-anada air mail service to Saskatchewan companies only, in so far as Saskatchewan mail service is concerned
> And be it resolved that copies of this resolution be sent to the Minister of Transport, the Postmaster General at Ottawa, and also to our local member at Ottawa.

I might add that there is the same request from the province of Alberta. I think it only fair, when we train pilots in the provinces, that we should make use of them there instead of bringing in others from outside.

Mr. CHURCH: In the event of an accident on the Trans-Canada Air Lines, as it is crown property and carries insurance, will passengers have the right to sue the corporation without a fiat?

Mr. HOWE: This will not be crown property.

Mr. FAIR: Is it the intention of the government to use pilots trained in the various provinces for the service in those provinces? I am referring to the feeder lines.

Mr. HOWE: This being a Canadian line we will use the best available Canadian pilots we can find.

Section agreed to.

On section 2—Interpretation.

Mr. BENNETT: Would you call the paragraphs separately, Mr. Chairman?

Paragraphs (a) to (e) inclusive agreed to.

On paragraph (f)—Gross revenue.

Mr. BENNETT: Should not the term "gross revenue" be defined as the total

revenue earned by the corporation from all sources? It is difficult to understand why the definition should be put in its present form.

Mr. HOWE: Trans-Canada lines refers to lines running across Canada, and the mail subsidies set out apply only to those lines. That safeguard is inserted in case other services should be undertaken. It is to make it quite clear that the provision refers only to the trans-Canada air mail services.

Mr. BENNETT: That is why I asked the question. What follows subsequently deals with the "gross revenue" of the enterprise. Later on there is a description of "operating expenses," and it is provided that there will be—

—an allowance equal to five per centum per annum on the capital invested in the trans-Canada lines, an allowance for depreciation to be determined in accordance with the terms of the trans-Canada contract, premiums for the insurance of passengers, goods and equipment and such other items of operating expense as may properly be allowed in accordance with the terms of the trans-Canada contract aforesaid.

The difficulty I see is that if you use the the terms "gross revenue" and "operating expenses" in the interpretation section dealing with the corporation as a whole, you are going to do violence to company accounting, as distinguished from that section. Surely "gross revenue" means everything the corporation receives from every source, as it does with respect to any other corporation. But in the present instance it is being separated for a particular purpose. What should be said is "gross revenue," for such and such purposes means so and so; for with respect to the enterprise as a whole it would be absurd.

Mr. MACKENZIE (Vancouver): May I point out that it is the revenue earned by the corporation from the operation of the trans-Canada lines. That is specific and definite.

Mr. BENNETT: But under the Companies Act that is not the gross revenue, and the provision of the Companies Act would apply. The gross revenue of a corporation is all its resources—all its income from all sources. But for the purposes of this particular measure the minister says: I desire to limit the term "gross revenue" as applied to the trans-Canada lines to such and such a definition, and "operating expenses" in the same way. Now—

Mr. HOWE: May I point out there is a distinction in the measure between Trans-Canada Air Lines, which is the name of the corporation, and trans-Canada Lines. We wish only to subsidize or to provide a mail subsidy to trans-Canada Lines. It may be that for reasons peculiar to the situation this corporation may engage in other services. If so, we wish to have nothing in the way of guarantee on that operation.

Mr. BENNETT: It is not as though this matter were complicated or difficult. This is a corporation, and it comes within the terms of the Companies Act. Part III of the Companies Act as applied to the gross revenue of this corporation means its income from all sources. But the minister has said, quite properly, that for certain accounting purposes and for the purposes of our obligation to make good the deficit for two years, he desires to limit the use of the words "gross revenue" and "operating expenses" to a special meaning in connection with trans-Canada Lines, and not more than that. Then, if he is going to do that, his own experience as a business man must tell him at once that the words "gross revenue" for the purposes of section 14 of this measure mean so and so, because you cannot take away from the ordinary meaning of the word "corporation." I do not care what is said about it—"Gross revenue" means all its income, and "operating expenses" means its expenditures. But for the specific purposes of trans-Canada Lines the minister desires to limit it, and he should use appropriate words for that purpose. Otherwise he will have trouble.

Mr. HOWE: For the purposes of this act "gross revenue" has the meaning we give it. Anywhere it occurs in the bill it has the particular meaning in this definition. It may have other meanings in other places, but for the purposes of this bill it means what appears in the definition.

Mr. BENNETT: Part III of the Companies Act applies to this company under section 18.

Mr. MACKENZIE (Vancouver): Wherever the words "gross revenue" are used in this bill they have the meaning as given in the interpretation clause. If my right hon. friend will refer to paragraph (b) he will see that "Corporation" means Trans-Canada Air Lines. "Gross revenue" means the total revenue earned by the corporation, that is by the Trans-Canada Air Lines, from the operation of the Trans-Canada Lines. Where the words "gross revenue" are used in this particular bill they have a specific definition which relates to a particular purpose.

Mr. BENNETT: If the minister will refer to section 3 he will see that certain persons are to comprise a corporation to be known as Trans-Canada Air Lines "Corporation" is

interpreted as meaning Trans-Canada Air Lines. Therefore, it means the corporation created by this statute. Surely we cannot get beyond that. "Gross revenue" means the total revenue earned by Trans-Canada Air Lines.

Mr. HOWE: No.

Mr. MACKENZIE (Vancouver): Correct; Trans-Canada Air Lines.

Mr. BENNETT: That is the name of the company. It says "earned by the corporation."

Mr. HOWE: From the operation.

Mr. BENNETT: From the operation of the Trans-Canada Air Lines. Section 14 states:

> The governor in council may authorize the minister to enter into a contract with the corporation (to be known as the trans-Canada contract) for the organization, operation and maintenance by the corporation of lines of aircraft (to be known as the trans-Canada lines) for the speedy and efficient transport across Canada and between and within the several provinces of passengers and goods.

That is clear, is it not?

Mr. HOWE: Yes.

Mr. BENNETT: Section 14 provides for the operation under this contract. Surely all the revenue derived by this corporation through the carrying out of that contract is to be part of its revenue.

Mr. HOWE: Yes, but it is contemplated that this corporation may undertake work outside of the contract.

Mr. BENNETT: They may carry passengers, but the earnings would constitute part of their gross earnings.

Mr. HOWE: They may undertake services outside of the contract.

Mr. BENNETT: I am not going to worry any more about it.

Paragraph (f) agreed to.

Paragraphs (g) and (h) agreed to.

On paragraph (i)—Operating expenses.

Mr. GREEN: Is it the intention of the government to guarantee that this company shall make five per cent on the capital invested?

Mr. HOWE: That is correct.

Paragraph (i) agreed to.

Paragraphs (j), (k), (l), (m) and (n) agreed to.

Section agreed to.

Sections 3 to 5 inclusive agreed to.

On section 6, subsection 1.—Board of Directors.

Mr. BENNETT: This is an extraordinary provision. The directors do not have to be shareholders in the enterprise, neither do they have to have permanent residence in this country. All they have to be is British subjects ordinarily resident in Canada. Having regard to the interpretation by the Department of Justice of what constitutes an ordinary resident of Canada as applied to taxation, we have no assurance of the directors of the company having a fixed residence in this country. Why should we not say that they shall be British subjects resident in Canada for a period of not less than blank years?

Mr. MACKENZIE (Vancouver): There would be no objection to that.

Mr. BENNETT: Otherwise we will have a situation which the hon. member knows occurred in one case.

Mr. MacKINNON (Edmonton West): This subsection states that the corporation shall be under the management of a board of directors composed of nine persons. Is there any significance to the number of directors? Is there to be a director appointed from each province?

Mr. HOWE: No.

Mr. MacKINNON (Edmonton West): Would the minister explain this subsection?

Mr. HOWE: We expect to appoint as directors men whom we think are best qualified to direct an aviation enterprise.

Mr. HEAPS: Do I understand the minister to say that the investment in the company is to be guaranteed by the government to the extent of five per cent?

Mr. HOWE: The rates for air mail after the initial period will be adjusted to cover the operating expenses and provide a return of five per cent on the capital. I may say that the profits are also limited to very much the same amount. The feeling is that in the long run the cheapest way is to pay the cost of the service, and this bill is designed to that end. There is a very slight margin of profit provided for in case the operation improves from year to year, but the general plan is that to begin with we shall pay the cost of the service.

Mr. HEAPS: Assuming that after three years there is an operating deficit, will the government still pay five per cent on the capital invested?

Mr. HOWE: That is necessarily so, as in the event of there being a loss in the next two years there is no provision that it can be recovered at a later period.

Mr. HEAPS: That means that if after three or four years there is a deficit in the operations of this company, the companies which have invested to the extent of forty-nine per cent of the stock will be guaranteed five per cent on the amount they have invested. Either that, or the cost of air mail transportation will be increased to meet the deficit.

Mr. BENNETT: The government does not pay the five per cent. What the government does is to provide that operating expenses shall include five per cent return on the capital investment, and the deficit would be the difference between the operating expenses and the gross revenue.

Subsection 1 agreed to.

On subsection 2—Director British subject resident of Canada.

Mr. MACKENZIE (Vancouver): The suggestion of the leader of the opposition would be met, I think, by moving this amendment, which I now do:

To delete all the words after the word "subject" on line 40 and substitute the following, "who has been resident in Canada for not less than five years preceding the passing of this act."

Is that satisfactory?

Mr. BENNETT: Anything is satisfactory that removes the uncertainty about "ordinary residence."

Mr. HOWE: I suggest that twenty years from now that would mean that he must have been resident in Canada for twenty-five years. Should it not be, before the date of his appointment?

Mr. BENNETT: I was not following the details of it.

Mr. HOWE: "Before the date of his election or appointment."

The CHAIRMAN: The amendment is:

To delete all the words after the word "subject" on line 40 and substitute the following, "who has been resident in Canada for not less than five years preceding the date of his election or appointment."

Amendment agreed to.

Subsection as amended agreed to.

[Mr. Heaps.]

On section 6, subsection 3—Election and appointment of directors.

Mr. YOUNG: I was going to ask the minister why the six directors should be elected by the shareholders. Provision is made for at least fifty-one per cent of the stock being owned by the Canadian National Railway. We appoint the directors of that railway—after all, it is government-owned—and I wonder whether it would not be in the best interests of the transport corporation if the directors were named by the government rather than by the shareholders.

Mr. HOWE: We are too prone to say that because we own the Canadian National Railway we operate it. That is not true.

Mr. BENNETT: There are striking evidences of it.

Mr. HOWE: We placed a body of business men in charge of the railway and we expect them to operate it. The Prime Minister is apt to say that the Minister of Transport runs it.

Mr. BENNETT: He should know.

Mr. HOWE: As a matter of fact, if I run it, it gets very little attention.

Mr. BENNETT: There is a good deal of force in what was said by the hon. member for Saskatoon (Mr. Young). It will be remembered that when this bill was drafted it did not provide for fifty-one per cent being owned by the Canadian National Railways.

Mr. HOWE: That was always the intention; the unexpressed intention.

Mr. BENNETT: It is these unexpressed intentions which give rise to the view that the Canadian National Railway is being run by the government. But the expressed intention of the government now is that fifty-one per cent should be owned by the Canadian National Railway. That was not so when the bill was given its second reading. It strikes me that if we are now put in that position, the reverse of that position might not be unsound, and that the six directors should be appointed by the governor in council.

Subsection agreed to.

Section as amended agreed to.

On section 7—Capital shares.

Subsection 1 agreed to.

On subsection 2—Shares offered to C.N.R. and others.

Mr. HOWE: I will ask my colleague to move an amendment to subsection 2.

Mr. MACKENZIE (Vancouver): I move:

To strike out from subsection 2 all the words after the word "company" in the third line of the subsection, and add the following proviso to subsection 4: "Provided however that the Canadian National Railway Company shall not sell or dispose of more than 24,900 shares except with the approval of the governor in council."

Mr. BENNETT: I think that if the Minister of Transport and the minister who moved this amendment will give me their attention, they will see that a rather difficult situation is created by this amendment. The capital of $5,000,000 shall be divided into shares of one hundred dollars each—usually the wording is five thousand shares of one thousand dollars each or fifty thousand shares of one hundred dollars each, but that is unimportant. These shares shall be offered for subscription to the Canadian National Railway Company; "at par" I think should be added. I believe that is usual in a case of that kind.

Mr. HOWE: Yes.

Amendment agreed to.

Mr. BENNETT: We come to subsection 3: "when the capital stock of the corporation has been fully subscribed." For our purposes it is fully subscribed at once when it is handed to the Canadian National Railway, because there is a subsequent provision in the bill providing for them finding the five million dollars, and subsection 3 will now have no relevancy in view of the change that is made in the later sections of the bill. That I think is quite apparent.

Then the Canadian National Railway Company is hereby authorized to subscribe for, underwrite, purchase, hold, and, subject to the provisions of this act, sell and dispose of the shares of the capital stock of the corporation, provided that it shall not sell more than 24,900 shares except with the approval of the governor in council. I suggest seriously to the minister that it would be better for him and better for this country, and would prevent any possible misunderstanding if we merely said, "except with the approval of parliament." This is a national enterprise, and it is not fair to the minister or to the government to put them in that position.

Mr. HOWE: I will ask my colleague to move accordingly. As a matter of fact I thought it was that way.

Mr. BENNETT: It seems to me that subsection 3 has no further purpose. Is the minister going to move to add the words "at par"?

Mr. HOWE: I agree with my right hon. friend that subsection 3 should be omitted, and will ask my colleague when we come to it to move an amendment accordingly.

Mr. MACKENZIE (Vancouver): I move to amend section 7 as follows:

To strike out from subsection 2 all the words after the word "company" in the third line of the subsection and to add the following proviso to subsection 4: "provided however that the Canadian National Railway Company shall not sell or dispose of more than 24,900 shares except with the approval of parliament."

The CHAIRMAN: This takes the place of the first amendment?

Mr. HOWE: Yes.

Amendment agreed to.

Mr. BENNETT: And it is intended to add the words "at par" in the underwriting section?

Mr. HOWE: And that the words "at par" be added at the end of subsection 2. I would ask my colleague also to move that subsection 3 be stricken out.

Mr. MACKENZIE (Vancouver): I move accordingly, Mr. Chairman.

Mr. GRAY: Subsection 1 provides that the capital is one hundred dollars par.

Mr. BENNETT: Yes, but it does not say that the underwriting shall be at par. It is the underwriting that I am providing for.

Mr. GRAY: Surely subsections 1 and 2 must be read together, and subsection 1 provides that the par value is one hundred dollars.

Mr. BENNETT: Yes, but the idea is that the underwriting shall be at par; that is, there is no discount on the underwriting.

Mr. GRAY: Yes, I see. The only point is, supposing the underwriting is not possible at par. Does the right hon. gentleman say that that must be compulsory?

Mr. BENNETT: It is not only possible, but it is secured by a further clause in the bill that enables the Canadian National to raise the $5,000,000. That is to say, the underwriters are authorized to raise $5,000,000 by guarantee of the government, and that is the reason I suggest that the underwriting be made at par so as to remove any question about the company having the whole $5,000,000 in its treasury when the shares are underwritten and taken over by the railway.

Mr. YOUNG: The object which the leader of the opposition has in mind is a laudable one, that the company should secure the full

amount mentioned. But suppose we sell bonds carrying a certain rate of interest; that might have to be variable if we are to get par out of it. I do not see how you can put the shares on the market in the way the right hon. gentleman proposes, because the words "at par" might be embarrassing.

Mr. HOWE: This is a subscription of money; the Canadian National subscribes the money. Where that money is obtained is something else.

Amendment agreed to.

Subsections 2 and 3 as amended agreed to.

Subsection 4 agreed to.

Section as amended agreed to.

On section 8—Money subscribed for shares at the call of directors.

Mr. BENNETT: The minister's legal advisers will realize, I have no doubt, that this section is misplaced. The section provides:

> The directors of the corporation may call for and demand from the shareholders thereof respectively all sums of money by them subscribed . . .

And so on. The directors of the corporation have nothing to do with the calling of shares. They have sold their shares to the underwriters for $5,000,000, and this section, which is copied from the usual clause of this kind, has no place here.

This transaction is a simple one. The Canadian National underwrites the enterprise for $5,000,000 and provides the cash, and after that the matter is between them and the people who have subscribed, subject to certain approval by the minister.

This section has no place in the present set-up; it never has in a set-up of this kind. It is taken from the standard form that applies to companies that are organized and offer shares to the public. We have underwritten our shares and that is the end of it, and we have nothing to do with calling up and buying old, played-out truck from companies. That is something to be done by the directors with the money they receive from the Canadian National, as provided for subsequently in this bill.

Mr. HOWE: It is intended that while the capital shall be fully subscribed up to $5,000,000 it will be called only as needed; that is to say, we expect that for the service contemplated by the bill about $1,750,000 will be required. Later—we have no idea when—a further $1,250,000 will be required to take over Canada's share in the ownership of the transatlantic service. The additional $2,000,000 is reserved for future expansions and may never be called. The shares will be sold on the basis of paid-up value.

Mr. BENNETT: Yes; but the minister has overlooked the amendment he put in yesterday, which appears on page 5 of the reprinted bill:

> To enable the Canadian National Railway Company to proceed forthwith to purchase the capital stock of the corporation, the governor in council, pending the issue, sale, pledge or other disposition of the aforesaid securities, may authorize advances to be made to the said company from the consolidated revenue fund, such advances to be reimbursed to His Majesty by the said company from the proceeds of the sale, pledge or other disposition of such securities.

That is to purchase forthwith the capital stock of the company. We are not providing for the payment of this by instalments; the agreement is to purchase the capital stock. If it is to be proceeded with in the way the minister now indicates, and I certainly appreciate his point, we have to have a different section from the one now before us.

If I follow the minister, he has provided by this bill that the entire capital stock issue shall be underwritten by the Canadian National Railways. That underwriting is in fact a purchase, as provided by the amendment of yesterday and now set out as subsection 4 of section 12, which I have just read. The minister makes it abundantly clear that the whole of that purchase price is not required at this moment, and I suggest that appropriate words will have to be used in the various sections to show that the purchase price can be payable in such instalments as the directors may from time to time require. That, I gather from what he has said, is the purpose the minister has in mind. If he will look at the clause which was adopted yesterday, appearing on page 5 of the reprinted bill, he will appreciate the reason for the observation that I have made with respect to the section now under consideration. I do not think there is any doubt about that. Provision will have to be made for what I call instalment payment of the purchase price by the underwriters.

Mr. HOWE: The section my right hon. friend refers to is the usual section placed in branch line legislation giving statutory guarantee for the securities required. In connection with branch lines these securities are sold as the funds are required. It seems to me that the position here is the same. There is a continuing statutory guarantee for the funds

required for the enterprise up to $5,000,000, but there is nothing in the provisions of the bill to prevent $2,000,000 of bonds being sold, or $1,500,000 if that is the amount required.

Mr. BENNETT: It is not for me to say. The minister assures us that he has high-powered lawyers to advise him. All I can say is, I should like to see any man go into the market with a set-up like this and try to obtain money. See what would happen to him. Even his high-powered lawyers will tell him that I am right.

The CHAIRMAN: Shall the section carry?

Mr. BENNETT: On division; I cannot bring myself to vote for it.

Section agreed to, on division.

On section 9—Shares only transferable with approval of minister.

Mr. BENNETT: This is a power we object to, but we won't waste time over it.

Section agreed to.

On section 10—Ownership of shares.

Mr. HOWE: Is this satisfactory to my right hon. friend?

Mr. BENNETT: I was going to say something about it, but I don't think it makes any difference.

Section agreed to.

On section 11—Minister may acquire all shares.

Subsection 1 agreed to.

On subsection 2—Book value.

Mr. BENNETT: Would it not be well, in view of the case referred to by certain members the other evening, to say that no value shall attach to any franchise? Because this franchise might be held to have value. There have been cases in which franchises were held to have value; some of the cases which have caused the most trouble in this country have been in connection with matters of that kind. I think that is desirable because of the experience of other companies when it came to a question of arbitration. But I am not going to waste time discussing it.

Mr. HOWE: I think if section 11 is allowed to stand an amendment can be drafted. We will attempt to do so.

Section stands.

On section 12—Power to issue securities.

Mr. HOWE: I will ask my colleague to move a new clause 12, to make the bill correspond with the reprint.

Mr. MACKENZIE (Vancouver): I move a new clause 12, as follows:

12. (1) Subject to the provisions of this act, the Canadian National Railway Company may issue notes, obligations, bonds and other securities (hereinafter in this Act called "securities") not exceeding the sum of five million dollars for the purpose of purchasing the capital stock of the corporation, and the governor in council may authorize the guarantee of the principal and interest of such securities.

(2) The governor in council may, subject to the provisions of this act, approve or decide,

(a) the kind of securities to be issued and guaranteed, and the form and terms thereof;

(b) the form and manner of the guarantee or guarantees;

(c) the time, manner and amount of the issue or issues;

(d) the terms and conditions of any sale, pledge or other disposition of the securities;

(e) the securing, if deemed desirable by the governor in council, of the securities by mortgage, deed of trust or other instrument, and the form and terms of any such instrument and the trustee or trustees thereof.

(3) The guarantee or guarantees may be signed on behalf of His Majesty by the Minister of Finance or by such other person as the governor in council may from time to time designate, and such signature shall be conclusive evidence for all purposes of the validity of such guarantee and that the provisions of this act have been complied with.

(4) To enable the Canadian National Railway Company to proceed forthwith to purchase the capital stock of the corporation, the governor in council, pending the issue, sale, pledge or other disposition of the aforesaid securities, may authorize advances to be made to the said company from the consolidated revenue fund, such advances to be reimbursed to His Majesty by the said company from the proceeds of the sale, pledge or other disposition of such securities.

Mr. BENNETT: I should like the minister to look at this for a moment. While again I have no desire to take the place of the high-powered lawyers, I think if he looks at the section he will ask, guaranteed by whom?

Mr. HOWE: This is the standard wording.

Mr. BENNETT: But there are definitions in the general clauses which cover that, but in this case you have injected into a special act a provision which deals with power conferred upon the railway company. Surely you have to state by whom the guarantee is given. It may be by the Canadian Pacific Railway Company, as far as this is concerned.

Mr. HOWE: Given by His Majesty.

Mr. BENNETT: You have to say they are guaranteed by someone:

(3) The guarantee or guarantees may be signed on behalf of His Majesty by the Minister of Finance or by such other person as the governor in council may from time to time designate . . .

This is taken from an act in which you have in a preceding section definitions that cover points not dealt with here, namely, the person who guarantees. "May authorize the guarantee by His Majesty" is all you want. Then subsection 3 covers the way in which it is done.

Mr. HOWE: We have reworded clause 1 to read:

Subject to the provisions of this act, the Canadian National Railway Company may issue notes, obligations, bonds and other securities (hereinafter in this act called "securities") not exceeding the sum of five million dollars for the purpose of purchasing the capital stock of the corporation, and the governor in council may authorize the guarantee of the principal and interest of such securities on behalf of His Majesty.

Mr. BENNETT: Yes. While the minister is at it may I point out that when his high-powered lawyers copied this section, instead of saying "in this act called securities," they should have said "in this section called securities." It will be observed that the language in section 8 is that it is for the purpose of purchasing the capital stock.

Mr. HOWE: Would "subscribing to the shares" be better?

Mr. BENNETT: No, it is not that point, but the clause providing for payment of the purchase price by such instalments as may be determined by the directors. All through the legislation we have dealt with it as a purchase by the Canadian National Railways.

Amendment agreed to.

Section as amended agreed to.

Section 13 agreed to.

On section 14—Business and powers of the corporation.

Subsections (a), (b), and (c) agreed to.

On subsection (d)—Business within and outside Canada.

Mr. GREEN: We understood from the minister the other night that the new company would have the exclusive right to fly this trans-Canada airway. There seems to be nothing in the bill making that provision. I should like to know whether it will be possible for other companies to fly the airway.

Mr. HOWE: The intention is to give this company the exclusive right to fly this route. No interurban route can be flown by any service without special licence from the aeronautics branch.

[Mr. Bennett.]

Mr. GREEN: The exclusive right will be brought about, then, by means of licence under another act?

Mr. HOWE: Quite.

Mr. STIRLING: Would the minister be disposed to give a little further information with regard to the flying of this route, particularly with regard to the length of the jumps? It traverses my riding; there are three or four aerodromes in the riding and I know that as soon as I get home I shall be asked exactly where the planes are going to stop and from what places they are going to be guided.

Mr. HOWE: It is not possible at this time to give that information, because it has not been worked out. We must have expert operating officers, and they must consult with the post office officials to work out the requirements of the service before anything can be determined.

Mr. STIRLING: Will there be considerable jumps?

Mr. HOWE: Yes, it is the intention to have as few stops as the requirements of the post office will permit.

Mr. TOLMIE: Is it the present intention to have a connection between Vancouver and Victoria?

Mr. HOWE: As I said before, the matter of branch line service and feeder lines has not been considered up to the moment. Obviously the main line must terminate at Vancouver.

Mr. McNIVEN: I notice this company is authorized to carry on business throughout Canada. Does that mean that they could operate feeder lines as well, and engage in commercial flying in competition with other companies which have been in the business for many years? I am thinking more particularly of the northern country, northern Ontario, northern Manitoba and northern Saskatchewan, where these companies have pioneered. It does not seem fair that they should be subjected to the competition of a government subsidized company. Is it the intention of the minister that this company should be allowed to enter into competition for commercial business with companies that have been established and have been giving service for some time past?

Mr. HOWE: While this company is given power to operate anywhere in Canada or outside Canada, it can operate only on services designated by the government. I have stated already that it is not the present intention to operate any feeder lines north of the main line. Because of the fact that some of the feeder

lines to the south involve international connections, for national purposes it may be considered advisable to have this company operate such lines; but it will not be allowed to interfere in any way with present northern operations.

Mr. MASSEY: May I ask whether the Trans-Canada Air Line, that is the line itself, has been mapped out as yet?

Mr. HOWE: The line, as defined by the airfields, extends from Vancouver to Lethbridge, to Winnipeg, to Kapuskasing, to Ottawa, to Montreal, and to Halifax. There is a branch for which airfields have been provided from Toronto to Scotia Junction; that part of the line is considered part of the main trans-Canada line, and is being treated as such.

Mr. MASSEY: Will there be any service between Toronto and Montreal, and Toronto and Ottawa?

Mr. HOWE: Those are branch line services and not part of the main operation. Later they may be made part of it, but as I said before, services that are not essential to the main service must wait until this main line has been developed.

Mr. MASSEY: Then at present there is no plan to tie Toronto into the main line except through Scotia Junction?

Mr. HOWE: That is the only route that has been laid out to date to bring Toronto into the main line.

Mr. MASSEY: And you will be able to fly only north from Toronto?

Mr. HOWE: That is all at the moment.

Mr. MASSEY: I should like to ask the minister also what plans he has afoot to train pilots for beam flying. He will fully realize, of course, the hazards of beam flying by a pilot who has been accustomed to flying by a map, by compass, and by guess. Of course, we have developed that type of pilot to a higher degree than any other country in the world. We have made a marvellous job of it, and have been peculiarly fortunate in the type of men we have had doing this flying. It is generally estimated, I think, that the Canadian flyer is without a peer in the world. But flying blind or flying a beam is a different story, and the early experience in other countries has not been exactly happy. I was wondering what plans the minister had developed to train our pilots in beam flying.

Mr. HOWE: I quite appreciate that a successful pilot on this route must have a very considerable training. Fortunately some ten pilots, I think, have been through the training schools in the United States and have followed that up by flying either as pilots or co-pilots on one of the transcontinental services there, and I think those men are available to us. Also I have ascertained that for a consideration we can send as many men as we please from Canada through either of the two aviation schools in the United States, and that these men can be put on air liners there to gain experience for our service. That is a temporary makeshift, of course, until we have our own service sufficiently developed to be able to carry on our own training in Canada. We realize the need of it, and of course the first thing to do in setting up this service is to get the directors, and then to get the management. The rest must follow, but we do know that this training can be obtained.

Mr. MASSEY: Of course, the minister realizes that the success or failure of this air line depends upon how airminded the people of Canada become. At the present time we are not airminded by any manner of means. In some of the urban centres smaller companies have set up good services but in many cases they have failed miserably because of the fact that we were not at all airminded. The experience of the Handley-Page line and the Daimler line in the earlier days of British air lines was of that nature, and the experience in the United States was exactly the same at the beginning. Airmindedness is a state of mind brought about through dismissal of fear, to a very great degree. Once a person has flown in a plane and realizes the convenience, comfort and safety of that method of transportation he becomes airminded. Fear is caused through accidents more than anything else. If in the beginning of our experience we should be so unfortunate as to have some rather bad accidents, the future of the trans-Canada line will be at stake. That situation will have to be overcome in the early days, by some means, and we should go the limit in the prevention of accidents. Hence my questions in regard to the training of pilots.

Apropos of the safety factor, I should like to ask what provision the minister is making for emergency landing fields in a territory such as northern Ontario, for example. Will land be cleared, or will pontoons be flown and lakes used through that particular area? Will one plane fly right across Canada, or what has the minister in mind?

Mr. HOWE: We have well developed emergency landing fields, full size, brought level, on an average not more than fifty miles apart all the way from Montreal to Vancouver.

Mr. MASSEY: Will the beam be available to private companies at a fixed fee, or will they pay for the beam as they use it? In other words, is it dependent upon the mileage flown? Is it a fixed service charged for accordingly, or is it a free service?

Mr. HOWE: There, again, we are initiating a new service. We have provided that for the initial period we will supply the beam free, and for that period I presume it will be free also to other companies who may use it. Of course, they can only fly it for special trips; they are not allowed to fly it on schedule, because as far as that goes we are giving this company a monopoly. After the initial period is over, however, fees will be set for that service.

Mr. MASSEY: Will the use of the beam be compulsory or can a man fly between Winnipeg and Calgary, for example, willy-nilly, just taking a chance?

Mr. HOWE: If it is a scheduled flight carrying passengers, he must fly the beam. If it is only a tourist flight or a private plane being flown, of course the pilot can fly as he pleases, just as he can to-day.

Mr. MASSEY: If a pilot has a small plane carrying, say, four passengers and is operating a chartered service out of Winnipeg or Regina, or wherever it may be, and intends to continue his chartered service, if he takes a hop from Regina to Calgary he will have to fly the beam, will he not? In case he uses the beam he will of course have to equip his machine with radio, if it is not so equipped at the present time. Is that the understanding?

Mr. HOWE: That is not the regulation at present. A man can take a chartered flight anywhere, but it is not his privilege to set up scheduled flights. Any licensed pilot in a licensed plane can take passengers on chartered flights at the present time with no requirement in regard to flying on a beam, because there is no beam. That may be amended later.

Mr. MASSEY: Will the requirements for pilots flying these chartered services be in accordance with the requirements for pilots flying the Trans-Canada Air Line?

Mr. HOWE: I really cannot say. The act, of course, will be amended to keep up with the development of flying in Canada.

Mr. MASSEY: The reason I am asking so many questions in this connection is that at first there was so much difficulty in the congested areas in countries where beam flying has been instituted. Some pilots, unaccustomed to beam flying, took up their ships and perhaps followed some circuitous route, then came back on to the beam and perhaps got in the way of regular traffic. This danger is particularly acute in fog or cloud when the ceiling is low, and accidents have been caused by planes wandering on to the beam because the pilot was inexperienced and did not know where he was. That is not a reflection on the pilot; it is simply a result of his lack of training in this particular line. It seems to me particularly important that in the drawing up of the regulations all of these matters be kept in mind, and accordingly I am wondering if the minister has in mind the setting up of a Canadian school either under the Trans-Canada Air Lines or by some private source, or whatever it may be, so that pilots flying the short chartered trips and those taking the schedule trips may receive exactly the same training. In that way they would be working together, and would not be at sixes and sevens in the air.

Mr. HOWE: I will bring the remarks of the hon. member to the attention of the officers now engaged in drafting the regulations.

Mr. MASSEY: I should like to ask the minister a further question referring back to the question I raised a few moments ago with regard to the airmindedness of the Canadian people. As the minister knows, it will not be sufficient simply to put the Trans-Canada Air Lines into operation and expect passengers to patronize the service. Considerable advertising will have to be done, of a certain definite and specific nature. The advertising which has been done by Imperial Airways, for example, has been amazingly effective. But when you are dealing with a country such as this, with its great areas, an adequate advertising campaign will be exceedingly expensive. Has the minister in mind the possible necessity of spending several hundreds of thousands of dollars in order to make his air lines attractive to those who are not now airminded?

Mr. HOWE: I think the hon. member underestimates the airmindedness of the Canadian people. A friend of mine came east from Vancouver about two weeks ago, and he said that travelling with him on the plane, all the way from Vancouver to Chicago, were eight Canadian passengers. I believe the people of Montreal use the plane service, and especially travelling westward, as much as the people of any city of its size in the United States. As I pointed out originally, one of the benefits of having the Canadian

National Railway interested in the service is that they are advertisers in any event, and I am sure their advertising will carry air passenger service and air express service, just as it advertises rail service.

Mr. MASSEY: Is it the purpose of Trans-Canada Air Lines to carry passengers and mail only, or will it carry freight as well?

Mr. HOWE: I presume the freight will depend upon the carrying capacity of the machines. It will be their object to get a full load of mail, first; passengers will come second, and freight third.

Mr. MASSEY: I had particularly in mind the area in northern Ontario where there is more freight carried than in any other two countries of the world put together. Would the Trans-Canada Air Lines enter into competition with the companies that are so successfully operating in that area, and doing such a magnificent job?

Mr. GREEN: The section gives the new company power to engage private flying companies to do the actual flying. Will the Trans-Canada Lines be flown by a private company, or will the new company do the actual flying?

Mr. HOWE: The new company will do the actual flying, but it is usual to give a company of this kind powers which they might reasonably use.

Mr. GREEN: Can the planes be purchased in Canada, or will they have to be purchased in the United States; and about what do they cost?

Mr. HOWE: I am sure I cannot say, Mr. Chairman, it will depend upon the type of planes which the directors and management decide will be suitable for the service.

Mr. GREEN: A fairly well standardized type is used in the United States; I presume ours would be of the same type?

Mr. HOWE: There are several types in the United States. There are the Douglas, the Lockheed, and the Stinson for the smaller services; then there is the Boeing, which has a factory in Canada.

Mr. BENNETT: And Fairchild and Vickers.

Mr. HOWE: Vickers build planes, but at this time they are not building standard passenger planes.

Mr. GREEN: Is it the intention to have a daily service across Canada?

Mr. HOWE: Yes, that is the intention.

Mr. RYAN: In describing the route from Vancouver to Halifax the minister said the flight would be from Montreal to Halifax. In view of the fact that the planes will carry mail, is it the intention to fly directly from Montreal to Halifax, or will there be stop-overs between those two points? I have in mind the city of Saint John, where there is an excellent airport in connection with which in the last few years the Dominion of Canada has spent a considerable sum of money. That airport is now in a position to afford excellent facilities by land, and if necessary by water. I was wondering if any intermediate site had been selected in the event of a stop-over between Montreal and Halifax?

Mr. HOWE: As I said before, the expert operators of the line will determine the stops, but personally I would be disappointed if they overlooked stopping at the city of Saint John.

Mr. RYAN: Thank you.

Mr. MASSEY: Is it in the mind of the minister that the service will commence at Montreal and work east and west, commence at Halifax and work west, or commence at Vancouver and work east? In other words, will there be a main terminus for the lines? The reason I ask the question is this: The time-table factor is important in acceptable service, and in answer to the hon. member for Vancouver South (Mr. Green) the minister said it was the plan to schedule one plane per day. One cannot fly from Halifax to Vancouver in a day. Therefore, I was wondering what plans the minister had in mind to carry out that schedule.

Mr. HOWE: As I said, the schedule has not been worked out. We have to work out our estimate of costs, based on a provisional service. We have made our plans, generally, for a service leaving Montreal early in the evening, and arriving at Vancouver next noon; and on the return leaving Vancouver at noon, and arriving at Montreal the next morning. The maritime services have not been worked out yet, because not as much work has been done on that section as has been done in the western part. I think the hon. member will appreciate, however, that it is the duty of the board of directors and the management of the corporation to work out the operation details of the route.

Mr. MASSEY: I had this in mind: If there is just one plane, will it be a sleeper plane or a day plane with some system worked out between the railways and the Trans-Canada Air Lines, as was first done before the sleeper planes were put in service in the United States?

Mr. HOWE: The management will work out the type of planes. I sincerely hope they will be sleeper planes, because that is a very comfortable way to travel.

Mr. GREEN: Is the government doing anything to equip the northern air routes with aids to navigation; I refer to routes off the Trans-Canada Line?

Mr. HOWE: We have a few wireless stations in the country, but we have never developed any part of the northern routes.

Mr. GREEN: Is it the intention to provide any of those aids to navigation?

Mr. HOWE: I cannot say. We are not doing it; that is about as far as I can go at this time.

Mr. MASSEY: Does the minister feel it will be possible to fly the year round?

The CHAIRMAN: The hon. member for Regina has the floor.

Mr. McNIVEN (Regina): The minister told a moment ago about the schedule between Montreal and Vancouver. Has he immediately available the times of arrival and departure at intermediate points?

Mr. HOWE: The times I mentioned are purely tentative. No detailed schedule can be worked out until the expert operators of the company decide upon it.

Mr. McNIVEN (Regina): Has the minister any idea how soon the services will be inaugurated?

Mr. HOWE: Just as soon as we can get delivery of the necessary equipment, and make the necessary preparations. I sincerely hope it will be some time this autumn.

Mr. BENNETT: Might it not be desirable to place a limitation upon the borrowing powers of the corporation? It is usual in a company of this kind to make such a provision, and it would prevent the government from getting into trouble hereafter. The expression used is "to borrow money for any of the purposes of the corporation" without placing a limitation upon it.

There is another phase: There is nothing to indicate what the fiscal year of the corporation is. That becomes important in view of what is to be done in January of each year. Further, the rates fixed in January are to be effective from the first day of January. That would be during the current year, and it would be rather difficult to do in connection with a postage rate, for instance.

Mr. HOWE: You will notice that the rates of the succeeding year are based on the operating result of the previous year.

[Mr. Massey.]

Mr. BENNETT: Quite.

Mr. HOWE: And I think if we have that result at any time in the current year it would work out, because subsidies are usually not paid in advance.

Mr. BENNETT: It might be desirable to provide what is to be the fiscal year of the corporation. Part III of the Companies Act does not touch that phase of its activities.

Mr. ROBICHAUD: Should not paragraph (b) of section 14 contain the word "aircraft"?

Mr. MACKENZIE (Vancouver): It covers hangars, aerodromes, sea plane bases, landing fields, beacons and mooring masts.

Mr. HOWE: I think it is covered in an earlier section.

Paragraph agreed to.

Section agreed to.

On section 15—Minister may contract with corporation.

Mr. BENNETT: Why not put a limitation on borrowings?

Mr. HOWE: It is not contemplated that the company shall borrow any money other than for temporary accommodation.

Mr. BENNETT: If that is so, all right.

Mr. ESLING: Have the ports of call been determined upon between the Alberta border and Vancouver?

Mr. HOWE: No ports of call have been determined upon. We must first set up the corporation and obtain a management. The ports of call would then be an operating problem which would be worked out in conjunction with the post office. Their selection will call for a good deal of consultation, and it is impossible at this time to say where they will be located.

Mr. MASSEY: A short time ago the minister stated that it was not intended that the Trans-Canada Air Lines should operate between Toronto and Montreal, for the time being at least. Would the opening of this service be dependent upon the success of the transcontinental line, or will it be simply a matter of waiting until there is a demand for this service?

Mr. HOWE: We are quite seized of the fact that there must be a service between Toronto and Montreal, but it is physically impossible to develop routes faster than we are doing at the moment. The decision by the directors of whether that route should be covered as part of the trans-Canada air line or should be regarded as a feeder line is a matter for future determination.

Mr. MASSEY: To regard the service between Toronto and Montreal as a "feeder line" would be ridiculous. The two largest cities in Canada are only 300 air miles apart, an hour and a half by air, and six hours by fast rail. The minister claims that Canada is more airminded than I had thought; then surely he will admit that a service between Toronto and Montreal should be productive of considerable revenue for the Trans-Canada Air Lines. Here we have two urban centres with large populations, with very considerable passenger traffic between them, much of which could be expeditiously and very satisfactorily carried by air. I think it is extremely unfortunate if these two large centres are to be deprived of a connecting service. I can understand the difficulty of having Toronto on the main transcontinental route in view of the fact that it is situated well to the south of the "crow-flys" line and thus the minister has in mind a feeder line from Toronto to a junction point in the north. But it seems a great and unnecessary blunder not to have a regular route from Toronto to Montreal. It may not be profitable to put Douglas or Boeing transport planes on this run for the time being, but there is certainly sufficient traffic for Stinson, Vultees, or other smaller planes carrying six, eight or ten passengers.

Mr. HOWE: No doubt that would be a very important route, but it is not on the trans-Canada route. No matter if it should prove to be the best route in Canada it can only be a feeder to the trans-Canada line.

Mr. MASSEY: I am not objecting to that word because after all Toronto is a "feeder" to the rest of the dominion in many different ways.

Mr. McIVOR: We have great hopes at the head of the lakes that the humming centres of Port Arthur and Fort William will provide dependable feeder lines for this trans-Canada line.

Section agreed to.

On section 16—Mail transport contract.

Mr. GREEN: Subsection 2 of section 17 provides for "an increase in the sum total to be paid on account of the said rates equal to the deficit in the preceding year." Will the result be an increase in the postal rates or will the deficit simply be charged up to the Post Office Department?

Mr. HOWE: This bill contemplates that after the initial period, which is taken care of separately, the mails will be carried at cost. That is, the cost will be adjusted on the basis of the cost of the previous year. If it costs thirty cents per mile to carry the mails in the previous years, thirty cents will be the rate for the next year. If the rate for that year proves to be only twenty cents per mile, the rate for the succeeding year will be fixed at twenty-five cents. The corporation will get only half the amount of the saving.

Mr. GREEN: At the present time we pay six cents for sending a letter by air mail. Will that rate be changed to five cents, seven cents or eight cents according to whether or not there is a deficit?

Mr. HOWE: No. The surcharge of three cents over the regular rate is universal all over North America and cannot be changed except by agreement with the other countries.

Mr. BENNETT: In one section we mention mails, passengers and goods, while in other sections we refer only to passengers and goods. In looking over the bill some days ago, it occurred to me it would be better to include the word "mails" in the various sections where passengers and goods are referred to. It will be noted in section 14 passengers, mails and goods are referred to. In the final provision with respect to the contract it will be seen reference is made to mail, passengers, express and other traffic. Express and other traffic would be covered by the word "goods". Would it not be well to include the word "mails" throughout so that no question would arise?

Mr. HOWE: The definition of "rates" refers to the rates paid for the transport of mails. The rates on mail are used to determine what you might call the operating subsidy, which is really not a fair name for it as it is a payment for a service. But mails seem to be differentiated throughout, because as far as goods and passengers are concerned the company can charge competitive rates for those as determined by actual experience. The rates are set automatically.

Mr. BENNETT: I have not made myself clear to the minister. In section 14 we provide for the establishment of an air service, and that air service will transport passengers and goods by air. Later on we provide for the transport by air of mail, passengers and goods; and inasmuch as the rates are to be fixed on the basis of the cost of carrying mails, it occurred to me that it would be better to have the purposes of the corporation stated throughout in similar terms, namely "mails, passengers and goods." It will be noted that section 14 says "the transport of mails, passengers and goods by any means," but just before that the word "mail" is left out.

Mr. HOWE: Is not that clause limited to contracts?

Mr. BENNETT: No. May I make myself clear? Section 14 recites:

The corporation is authorized,—
(a) to establish, operate and maintain air lines or regular services of aircraft of all kinds, to carry on the business of transporting passengers and goods by air, and to enter into contracts for the transport of mails, passengers and goods by any means, . . .

You use in that particular line the words "mails, passengers and goods," and my suggestion is that for the purposes of the act it is desirable to use those three words all through. I think it would strengthen the position. If sometimes you use the words "mails, passengers and goods," it may be taken that in other places you intend to exclude the word "mail" because you do not use it, when as a matter of fact you intend to use it everywhere. Difficulties may arise over that.

Section agreed to.

Mr. HOWE: I will ask my colleague to move that in section 14, line 16, the word "mails" be inserted before "passengers." In the old act it is section 13, in the new act it is 14.

Amendment agreed to.

Section as amended agreed to.

On section 17—Fixation of rates.

Mr. GREEN: Subsection 3 of this section states:

Provided, however, that the rates so fixed shall not be lower than rates payable for other similar coast to coast transport of mails in North America.

Why are our rates tied up with American rates for the transportation of mail?

Mr. HOWE: It is felt that there should be some objective for the company which, having been reached, it will be allowed to make a profit, and we feel that when they are operating on a basis of efficiency such as will bring the mail rate down to the rates of the same service to the south, they should be permitted to obtain a profit.

Mr. GREEN: Then if the American rates go very high, our rates, of course, would go up too? Would not that be detrimental to the interests of Canada?

Mr. HOWE: I think there is very little danger of the American rates going higher. At the moment they are exceedingly low.

Mr. BENNETT: Does the minister think it desirable that the contract shall be for not less than ten years? Why, in the experimental stage? He has a reason for it. I should like to know what it is.

Mr. HOWE: The reason is that a great deal of expensive equipment must be purchased. It is to give the company time to amortize at least the cost of its purchase of original equipment.

Section agreed to.

Section 18 agreed to.

On Section 19—Part III of Companies Act to apply.

Mr. HOWE: In the original bill there was an error in the printing by which the second line of what was section 18 was omitted. That has been inserted in the reprint, and I will ask my colleague to move to provide for the insertion.

Mr. BENNETT: There is a section 19, is there not?

Mr. HOWE: Yes, we inserted a new section. Section 18 of the old bill is number 19 in the new bill.

Mr. BENNETT: There is a section left out of this. I sent for the new Companies Act of 1934. This section says that part III shall apply, that is the new part III that was put in in 1935, except section 145. Section 145 relates to the application of part I, and we need not consider that. Then section 158 is mentioned here, which deals with preference shares; that of course does not apply; section 159 relates to the change of the chief place of business, by bylaw; that does not apply; section 163 is the section that deals with interest on the amount unpaid at six per cent per annum on calls on shares; section 162 deals with the calls on shares, and that is not to apply, nor the provision for interest. Then you go to section 180, which is the section that deals with preference shares; and also section 181, saving of creditors' rights.

No provision in this part as to the creation of preference shares and no bylaw authorizing the creation of such shares and nothing done under or in pursuance of any such provision or bylaw, shall affect or impair the rights of creditors of the company.

Obviously that has no application. So obviously sections 180 and 181 are to be added. I have not time to go over the rest of them, but I assume they are all right. But certainly section 181 should be added.

I think the minister would find it desirable to add a clause indicating what is the fiscal year of this corporation. In dealing with the other matter he uses the term "current year." I dare say it can be done adequately by the bylaws, but in view of the provision in the statute I thought it might be desirable to clarify it.

Mr. HOWE: The fiscal year is intended to be the calendar year.

Mr. BENNETT: It would be easy to add that the fiscal year of the corporation should be the calendar year.

The CHAIRMAN: There is an amendment to section 18, now section 19, which has not yet been passed.

Mr. MACKENZIE (Vancouver): I move that the old section 18 be amended.

By inserting after the word "act" in the first line, the following, "1934, except sections one hundred and forty-five, one" . . .

Mr. HOWE: There was a line left out.

Amendment agreed to.

Mr. HOWE: I will ask my colleague to move as subsection 2 of section 19:

The fiscal year of the corporation shall be the calendar year.

Mr. MACKENZIE (Vancouver): I so move.

Amendment agreed to.

Section as amended agreed to.

On section 11—Minister may acquire all shares.

Mr. HOWE: I have an amendment.

Mr. MACKENZIE (Vancouver): I move as a new subsection 3 the following:

Trans-Canada contracts shall not be deemed to have any value or be an asset to be taken into consideration in determining the book value of the shares.

The present subsection 3 should be renumbered as subsection 4, and I move accordingly.

Amendment agreed to.

Mr. BENNETT: I suppose it is contemplated that the machines will be combination machines such as are being built by the great nations of the world and that they may be converted into bombers if necessary?

Mr. MACKENZIE (Vancouver): Yes, they are all convertible nowadays.

Section as amended agreed to.

On section 14—Establishment, operation and maintenance of air lines.

Mr. HOWE: I will ask my colleague to move that this section be amended by inserting after the word "transporting" in line 16 the word "mails."

Mr. MACKENZIE (Vancouver): I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Bill as amended reported.

SUPPLY

PUBLIC WORKS DEPARTMENT

Quebec

Harbours and Rivers,

Anse a la Cabane, M.I.—slipway and hauling plant, $3,400.
Anse Millerand, M.I.—slipway and hauling plant, $3,400.
Bagotville — purchase and repair wharf, $35,000.
Baie des Sables—wharf extension, $32,000.
Baie St. Paul—protection wall, $20,000.
Bergeronnes (Point a John)—wharf, $17,000.
Bic—wharf reconstruction, $12,000.
Cap aux Meules, M.I.—wharf reconstruction and improvements, $22,000.
Cap aux Os (The Gulch)—landing, $3,300.
Cap Chat—deepwater wharf, $40,000.
Cap de la Madeleine—wharf repairs, $4,850.
Cap des Rosiers—descent to beach, $2,300.
Carleton—wharf extension, $70,000.
Chambly Basin—protection wall, $16,000.
Chateauguay river—dredging, $13,500.
Chenal du Moine—dredging, $8,600.
Colonie des Greves—protection work, $5,000.
Conception—protection wall, $1,500.
Contrecoeur—protection wall, $25,000.
Cote Marcel—reconstruction of protection, $3,200.
Cross Point—wharf repairs, $8,500.
Drummondville—protection work, $15,000.
Etang du Nord, M.I.—harbour improvements, $20,000.
Granby—protection work, $6,000.
Grande Entree, M.I.—wharf reconstruction, $13,600.
Grande Entree (West Point), M.I.—landing, $2,500.
Grand Riviere—rebuilding wharf, $47,100.
Hamilton Cove (Riviere Portneuf)—wharf, $41,000.
Ile aux Coudres—wharf repairs, $16,000.
Isle Verte—wharf reconstruction, $6,900.
Lachine—protection wall, $16,000.
Lac Duparquet—wharf, $1,500.
Lacolle river—dredging, the provincial government to contribute a like amount, $19,000.
Lac Megantic—protection work, $16,000.
Lac Nominigue—improvements to navigation, $2,550.
Laprairie—protection wall, $30,000.
Lanoraie—extension of protection wall, $2,800.
L'Anse a Brillant—fishing harbour, $50,000.
La Sarre—wharf extension, $1,000.
La Tortue—dredging, the provincial government to contribute a like amount, $16,000.
Lauzon—dredging, $50,000.
Levis—wharf, $110,000.

Lorne Dry Dock—new power house—pump house equipment and machine shop, $125,000.
Magog—protection wall, $4,700.
Maria—wharf repairs, $4,700.
Marsouins—wharf extension, $10,000.
Matane — extension to east breakwater, $40,000.
New Carlisle—wharf repairs, $8,300.
Nicolet—dredging, $6,400.
Notre Dame du Portage—wharf repairs, $3,400.
Paspebiac—wharf extension and dredging, $56,000.
Peribonka—wharf, $5,900.
Petit Gaspe—wharf, $8,400.
Petite Riviere au Renard—extension to west jetty, $2,000.
Petite Riviere Est—construction of fishing harbour, $35,000.
Petite Vallee—wharf extension, $20,000.
Pointe Jaune—improvements to fishing harbour, $21,000.
Pointe Lebel—wharf, $12,000.
Port au Saumon—to take over and repair wharf, $19,000.
Port Daniel East — wharf improvements, $6,700.
Richelieu river—improvements, $500,000.
Rimouski—harbour improvements, $475,000.
Riviere Caplan—repairs to jetty, $4,450.
Riviere des Hurons—contribution towards dredging, the balance of cost to be borne by the province, $75,000.
Ruisseau Castor—purchase and repair wharf, $11,500.
Ruisseau Chapados (Gascons)—fishing harbour, $12,000.
Ruisseau LaBlanc—dredging, $22,500.
Ruisseau Pariseau — contribution towards dredging, the balance of cost to be borne by the province, $15,000.
St. Andre de Kamouraska—headblock, $14,600.
St. Cuthbert—wharf, $2,200.
St. Charles de Caplan — wharf extension, $25,000.
St. Chrysostome—protection walls, $12,900.
St. Denis—wharf reconstruction, $4,650.
St. Edouard de Fabre — protection wall, $11,000.
St. Etienne de Malbaie—wharf improvements, $5,500.
St. Felicite—wharf extension, $54,400.
St. Flavie—wharf extension, $20,500.
St. Godfroy—wharf repairs, $8,200.
St. Ignace de Loyola—protection wall, $15,000.
Ste. Jeanne d'Arc—wharf, $1,100.
St. Joachim (Cote Neuve) — breakwater, $3,000.
St. Paul (Ile aux Noix) — improvements, $4,500.
St. Pierre les Becquets—dredging, $13,000.
Ste. Rose—protection wall, $4,900.
Saguenay river—dredging, $170,000.
Sault au Mouton—channel, $24,100.
Sorel—harbour improvements, $180,000.
Tadoussac (Anse Tadoussac)—wharf improvements, $12,500.
Taillon (St. Henri)—wharf extension, $1,300.
Terrebonne—protection wall, $16,200.
Trois Rivieres—dredging, $4,900.
Val Barette—protection work, $3,000.
Varennes—protection wall, $15,000.
Vercheres—protection wall, $10,000.
Vercheres county—dredging—the provincial government contribution being a like amount, $5,000.
Yamaska—protection work, $9,300.

[Mr. I. Mackenzie.]

Mr. MacNICOL: I wish to make another comment or two on the vote for the Richelieu river improvements. I can assure the minister that I am not opposing this vote for any other reason than that I am not convinced that the proposal is a sound one. That, of course, is only my opinion; the minister has a right to his own. Before the house rose last night the minister said that the reason there was not much traffic on the canals was that the Chambly canal is too shallow. Having gone over the canal from one end to the other right down through the state of New York to the terminus of that waterway I am convinced that there are two other major reasons why the traffic is small and, indeed, why it can never be large. The distance from Sorel to St. Ours is fourteen miles, and is the first lock there. From Sorel to Chambly is forty-six miles, that is the commencement of the Chambly canal, which at present has nine locks. Those nine locks overcome a rise of eighty feet in the river. At the head of the canal any boat ascending that canal to lake Champlain would enter practically at lake level, I presume, outside of the current allowance. The minimum lake level is 93 feet and the maximum 102 above sea level, so that from the lake to the head of the canal, if there is a difference of a foot or so, it would be the current allowance in the river. Then to the international boundary is eighty-one miles, and to the Champlain canal 192 miles—that is the total distance from Sorel in each case. To the junction of the Erie canal is 258 miles and from there to tidewater at Albany the total distance is 265 miles, and to New York 441 miles.

But in addition to that very great distance, a ship leaving Canadian waters south of St. Johns and entering the lake, after having ascended the said ten locks, approximately 90 feet, has to enter the Champlain canal and rise another 43 feet or thereabouts through three locks, and after passing over the height of land—where by the way there is difficulty in getting water; they have to bring it from storage dams in the adjacent hills—the ship would have to descend from the summit level approximately 140 feet, through nine locks, down to the Hudson river and sea level at Albany. Now that requires a great deal of time. On the Canadian side there are ten locks, and twelve on the American side. In the American canal, that is the lake Champlain-Hudson canal, there is a depth of twelve feet. I did not see any boats of any magnitude there, just barges with a pusher, nothing but oil boats when I was there, but I know other boats do travel that canal. But the

total traffic for the whole year was only some 351,000 tons, in a canal which has a potential capacity of over 8,000,000 tons.

The minister said that the proposal is to erect a dam approximately half way between Chambly and St. Johns. My memory may be wrong or I may have mistakenly judged the height of the bank at that point; I got the location in the department offices at Montreal, and I went to the point where I was informed the dam was to be erected. The banks there perhaps do not exceed 25 or 30 feet; I judged about 25 feet. If a dam erected at that point is to be of any benefit whatever south of St. Johns it would have to be more than 25 feet high. The minister said that approximately half of the Chambly canal locks would be cut out, six locks, and those six locks I presume are equivalent to half the rise from Chambly to St. Johns, which is 80 feet. Therefore if half the locks are going to be cut out that dam would have to be somewhere between 35 and 40 feet high. It would be impossible to erect it with the banks as they are now, if my memory of the height is correct. I cannot grasp at all how a dam at that point can accomplish what is expected of it.

The United States engineers' proposal was to build a dam south of the international boundary, I presume across from Stony Point to Windmill Point—

Mr. DUPUIS: Does the hon. member mean in lake Champlain?

Mr. MacNICOL: North of the main outlet. While it is called river, it is nothing more or less than an extension of the lake, of considerable width. The banks at that point are not high. I presume that is where the minister referred to some flooding taking place during high water, when the lake level was at about 102 feet. The United States engineers proposed to build the dam between Stony Point and Windmill Point. In that way they would control the lake level, and they would not have to ask Canada's permission, as I understand, that water being wholly within the United States.

But in our case if the dam at the point where this government proposes to erect it raises the lake level—although personally I cannot see how it can unless large dykes are built alongside the river—what right have we to raise the level of water in a foreign country? I believe the Prime Minister made a trip to Washington recently, and I presume one of the subjects discussed there, although I am not asking that to be admitted here, may have been the proposal of the Ontario government to pour water into lake Superior from the watershed of Long lake. The Ontario government decided, it is said, to allow United States lumber interests to dam the Kenagami river and take the water out of Long lake watershed and pour it into lake Superior. If the Ontario government had thought for a moment, they would have known they cannot do any such thing. And in this case, if a dam at the point proposed would have any effect on the level of lake Champlain we could not do it without an international agreement. Perhaps that has been obtained already.

Something was said last night about the traffic on the Champlain canal, and I referred to a submission made by the Montreal chamber of commerce. I should have said the chambre de commerce; I presume that is the French-speaking section of the Montreal chamber of commerce. When I got to my room I found that the submission had been presented by Mr. Paul Beique, and had been signed by M. René Morin. I presume they are associated with the chambre de commerce. The Montreal chambre de commerce submitted a brief in opposition to the proposal to carry a seaway through from the Hudson to the St. Lawrence. Last night the minister pointed out that the proposal he has in mind has nothing to do with the United States proposals, of which the main one was from lake St. Francis to lake Champlain. In discussing that I mentioned the United States figure of $200,000,000, and when the minister was speaking he gave the cost of what the government had in mind as about $8,000,000.

Mr. CARDIN: Yes, if we decide to reconstruct the Chambly canal.

Mr. MacNICOL: But suppose the final decision should be to carry the 27 to 30 foot canal down the Richelieu river, which is the only canal depth the United States might consider at all, because their proposal is to have no locks at all on the Champlain-Hudson canal, with the exception of two at Northumberland where the boats will drop down to tidewater. To do that, they would have to cut through the height of land to a depth of something like forty-five feet more or less, a foot or two either way depending on the height to which they could raise lake Champlain. If the channel went directly north from lake Champlain to Sorel at a depth of 27 to 30 feet I question whether it would cost much less than the estimated cost from lake St. Francis to lake Champlain, $200,000,000, because between those two lakes it would run across a more or less level country, and only two locks would be required very close to lake Champlain. On the other hand, if a canal should be constructed

according to the wish of the United States, namely 27 to 30 feet in depth down the Richelieu river, that would be a tremendous work.

The point I wish to make is that from their point of view a canal that will not permit ships of ocean draught to pass from the St. Lawrence river to the Hudson river would be of little worth. That is their proposition, and it has been demonstrated that a twelve foot canal is not of much value, since it only carried 351,000 tons of freight in 1935. According to the submission of the Montreal chambre de commerce the traffic on our own Chambly canal ranged from 99,998 tons in 1930 to 44,219 tons in 1935.

I assure the minister that if any reasonable argument in support of the expenditure of so many millions of dollars as $8,000,000 could be brought forward, showing that this would be of any practical benefit to Canadian commerce, I would not oppose the expenditure. So far, however, I am not aware of anything that has been presented either before the International Joint Commission or this house that would warrant me in supporting any expenditure of that sum on this river. There are concrete roadways running beside the river; I motored over some, though not all, of them. I found a road down one side of the river from Chambly to near St. Johns, where I crossed on the other side. It is a fine old historic country which I would be pleased to assist in any way possible; but all the commodities that are produced in the immediate vicinity of the canal can go by truck to Montreal and elsewhere, and would be transported in that manner instead of down the canal. During my survey I learned that the only traffic on the canal was pulp from Three Rivers, coming south, and perhaps a little oil moving in the opposite direction; but according to statistics the traffic carried amounted to very little, not nearly enough to warrant any such expenditure of money.

I hope the minister will not take it that I am opposing him personally. He is one minister I would be very happy to support. I think a good deal of the Minister of Public Works (Mr. Cardin); I should like to support his proposals, and the very fact that yesterday he got through so many of his items without opposition is proof that we on this side think a good deal of him. But it will take more than I have heard as yet to get me to support this expenditure.

The finest thing the minister said yesterday, to my mind, was his statement that this is a revote. So long as he brings in this amount as a revote each year, I will not have a word to say. Next year, the year after, and the year after that, if he brings in a long list of items including an item for the Chambly canal, and states that that item is a revote, I will not say a word about the canal. But I will have to oppose this item until I am shown actual trade available or in prospect very much greater than is the case to-day. I cannot see it in prospect now. I have spoken to those in Montreal and Three Rivers who should know the facts, and I have learned that practically all the traffic offering is what comes to and from Three Rivers. The Montreal traffic would not go that way. If the minister will just continue this as a revote all the items for Quebec will go through safely.

Some hon. MEMBERS: Carried.

Mr. LENNARD: No, it is not carried. I not only wish to voice my own objection to this particular item of half a million dollars for the Richelieu river improvements, but also to present the very strenuous objection of the Hamilton chamber of commerce. On December 9, 1936, the following resolution was sent by the Hamilton chamber of commerce to Mr. Lawrence J. Burpee, secretary of the International Joint Commission:

> "Resolved, that in the light of information before us at this time that this board express its strong opposition to the proposals placed before the International Joint Commission during the meetings from the 19th to the 27th of November."
>
> This attitude is adopted not only because it is not considered wise or desirable, under present financial conditions, to support any plan of this nature which would mean the ultimate expenditure of the sum of two hundred million dollars as outlined in the proposal, but taking into consideration as well the large annual deficit of our government railway, the substantial cost of the maintenance and operation of our present canal system and the almost lack of advantage to Canada in the building of this canal.
>
> Further, our understanding is that there is a 160 lift from the St. Lawrence river to lake Champlain, all of which is Canadian territory, and as it is proposed that this canal would be toll free the major portion of the cost of construction, maintenance and operation would fall on Canada.

I should like to say a further word with regard to these estimates generally. How are we to know how many of these amounts included in item 342 are revotes? This particular item was attacked last evening, and it happens to be a revote. Can the minister say how many of the others are revotes?

Mr. CARDIN: The next item, "Rimouski —harbour improvements, $475,000" is largely a revote. Practically half of this amount is a revote. The second following item, "Riviere

des Hurons—contribution towards dredging, $75,000" is also a revote in full. Then the item of $170,000 for dredging in the Saguenay river is largely a revote; the work is under contract at the present time. These are the main amounts which are revoted.

Mr. LENNARD: Can the minister tell me how many of these items are for the county of Bonaventure?

Mr. CARDIN: The list does not show it by counties, but I know what the hon. member has in mind and I can relieve him of his apprehensions. The total of expenditures for the county of Bonaventure in the main and supplementary estimates is less than it was last year.

Mr. LENNARD: What was it last year?

Mr. CARDIN: I cannot tell the hon. member at the moment, but I can assure him that the expenditures in that county last year were larger than those we contemplate this year. I regret not being able to give the detailed information, but I can give my word to the hon. member that that is so.

Mr. LENNARD: I understand that in this vote alone $225,000 is earmarked for Bonaventure.

Mr. CARDIN: I would not say that is not correct, but last year the amount was larger than that.

Item agreed to.

Ontario

Harbours and Rivers,
Balm Beach—breakwater, $5,000.
Bayfield—reconstruction outer end north pier, $18,000.
Bronte—dredging, $5,200.
Burlington channel—dredging, $25,000.
Burlington channel—reconstruction of south pier, $108,000.
Byng Inlet—dredging mouth of Still river, $11,600.
Cape Croker—wharf extension, $9,600.
Cobourg—dredging, $18,400.
Fort William—dredging, $17,000.
Glenmount—wharf, $8,200.
Gore Bay—purchase and repair wharf, $20,000.
Hamilton—harbour improvements, $250,000.
Kenora (Laurenson's Creek)—improvements, $3,000.
Kingston R.M.C.—retaining wall and maintenance of boat-houses, $3,000.
Kingsville—harbour improvements, $19,900.
Leamington—harbour improvements, $100,000.
Little Current—dredging west channel, $120,000.
Meaford—reconstruction of harbour works, $10,000.
Midland—dredging Monument channel, $13,400.
Nation river—contribution towards dredging, the provincial government to contribute a like amount, $15,000.
Oshawa—to replace old west pier, $125,000.
Owen Sound—harbour improvements, $30,000.
Pelee Island—north wharf reconstruction, $25,000.
Pentanguishene—wharf extension and repairs, $21,000.
Peterborough—harbour improvements, $15,900.
Port Arthur—harbour improvements, $260,000.
Port Burwell—harbour improvements, $50,000.
Port Hope—reconstruction of harbour works, $27,000.
Port Maitland—protection wall, $2,700.
Port Stanley—harbour repairs and improvements, $89,000.
Providence Bay—wharf repairs, $4,000.
Rockland—wharf, $15,000.
Rondeau—reconstruction inner end, west pier, $23,000.
Sarnia—harbour improvements, $28,000.
Saugeen river—extension to north pier, $9,000.
Sault Ste. Marie—dredging, $44,000.
Sydenham river—dredging, $8,500.
Thames river (Chatham)—dredging, $7,400.
Toronto Island—breakwater, the city of Toronto to bear a like amount, $125,000.
Verulam park (Sturgeon lake)—wharf, $5,500.
Walker river (Desbarats)—dredging, $4,500
Wallaceburg—wharf extension and warehouse, $10,000.
Windermere—small boat landing, $3,200.
Windsor—wharf extension, $15,000.
Wolsey bay—wharf, $2,400.

Mr. FACTOR: I notice that the only expenditure for Toronto is for the Toronto island breakwater, $125,000—"the city of Toronto to bear a like amount." As the minister is aware, accompanied by the hon. members for Trinity (Mr. Plaxton) and York North (Mr. Mulock) I had occasion to make representations in connection with the harbour improvements for the city of Toronto. An item totalling $400,000 with respect to certain harbour improvements in Toronto harbour was presented to him. What progress has been made in connection with recommending the item for consideration by the government?

The same delegation also urged upon the minister the extension of the Toronto post office, terminal A, for city delivery. The minister is aware no doubt that the facilities in terminal A are very crowded, and that it is necessary to have the building extended. I would appreciate it if the Minister of Public Works could give me some assurance of what the government intends to do about these two matters?

Mr. CARDIN: I have well in mind the representations made by the hon. member for Spadina (Mr. Factor) and his two colleagues with respect to additional works for the city of Toronto. Their case was strongly and ably presented to the government, but at the time of presentation the supplementary estimates with which we are dealing had been prepared and printed. My answer to the hon. member and his colleagues, and others who made representations along the same lines,

was that personally I was very much inclined towards agreeing to the request made for expenditures in Toronto harbour and for the extension of postal facilities in that city. But it was then too late to give consideration to the recommendations because the supplementaries had been prepared. However, the door is not definitely closed—

Mr. MASSEY: The "revolving" door?

Mr. CARDIN: The open door. However, I feel that before the session closes there will be an opportunity of meeting, if not in their entirety, at least in part, the requests which have been made. The amount of expenditures provided for the city of Toronto is going to be somewhat larger than that provided in these estimates, which means that part of the recommendations made will probably be favourably considered if the hon. member can help me convince my colleague the Minister of Finance that we ought to do something more for Toronto. So, although I am making no promise, I am ready to shed a little ray of hope in the mind of the hon. member.

Mr. MASSEY: Mr. Chairman, I should like to add my voice to that of the hon. member for Spadina in connection with this item. I fully realize that hon. members are at times apt to regard the city of Toronto as being somewhat ambitious for its own development. In speaking to this item to-night I am sure the hon. member for Spadina will support me when I urge upon the minister the need for this work, not only for the purpose to which the work is to be put, but also in view of the fact that within Toronto there is probably a larger number of unemployed than in any other urban area in Canada, with possibly one exception. Relief work has been and will be done. One is not anxious to develop improvements, or whatever we may wish to call them, solely through relief works.

The request which was made to the minister through the proper channels, a request which the minister states was made arduously, was for a very legitimate purpose. Those of us who are interested in the development not only of the harbour of Toronto but of Canadian harbours generally, feel very keenly that this work should be put forward. We notice that in estimate number 343 there are some substantial votes. One sees, for example, that the city of Port Arthur is to have harbour improvements costing $260,000. Port Arthur, of course, has some very honourable sons, and is a splendid and important port in Canada. On the other hand, Toronto gets only $125,000, or about half that of Port Arthur. If improvements go forward in connection with transportation facilities—even though we have been relegated to the position of the end of a "feeder line" so far as air transportation is concerned—no doubt there will be an increase in traffic to and from Toronto and resulting in greater demand on the harbour.

Bearing in mind not only the necessity for this work from the point of view of Toronto's harbour development but also its importance from the point of view of providing work, I am sure that those of us who have at heart the interests of those whom we earnestly and sincerely attempt to represent in this house feel we would be derelict in our duty if we did not raise our voices at this time and earnestly urge the minister fully to take into consideration, and if at all possible, to follow to a conclusion, the perfectly legitimate requests which have been made, and to see that the full amount of $400,000 be granted for the purpose for which it is asked.

Mr. LENNARD: I wish to direct the minister's attention to the item "Burlington channel, dredging" and "Burlington channel, reconstruction of south pier." Are these revotes?

Mr. CARDIN: The $25,000 for dredging is a new expenditure, but there is a revote of $35,000 out of $108,000 provided for the construction of the south pier.

Mr. LENNARD: The minister will remember that when the reconstruction of this south pier was being considered last year, he said the work would be let by contract.

Mr. CARDIN: Yes.

Mr. LENNARD: I understand the work has since been changed to a cost-plus basis.

Mr. CARDIN: No.

Mr. LENNARD: Who has the contract?

Mr. CARDIN: The Russell Construction Company Limited, of Toronto.

Mr. LENNARD: This work is still under contract?

Mr. CARDIN: Yes.

Mr. LENNARD: How many government inspectors are there on this job?

Mr. CARDIN: I am informed by the deputy minister that usually there are two inspectors on jobs of this size, but I would not be too sure about this as I have not definite information before me.

Mr. LENNARD: When similar work was carried on at Burlington channel some years ago, the contractor continued working

throughout the winter. Work could have been carried on very easily this winter as it was quite open, but I understand that only four workmen have been employed throughout the winter. But there were two inspectors on the job all the time, and they had a truck driver and a truck at their disposal. This work was being done for the relief of unemployment and I think, therefore, a full force should have been kept on all winter.

Mr. CARDIN: I cannot answer the charge made by my hon. friend, but I am surprised that such a thing has happened. I shall be glad to make proper inquiries and remedy this situation if it exists.

Mr. BROWN: This item includes $250,000 for harbour improvements at Hamilton. Is this to be part of a more comprehensive scheme?

Mr. CARDIN: This amount is to provide for an initial portion of a proposed development in Hamilton harbour as requested by the harbour commission. The whole scheme calls for the construction of a revetment wall 4,417 feet long, surrounding an area owned by the harbour commission north of Burlington street and east of Wellington street. After the wall has been completed the enclosed area is to be filled in, which will reclaim 2,159,500 square feet or 50 acres of land. It has been represented to the department by the harbour commission that the present pier is insufficient to take care of the traffic, and it is proposed to develop the facilities in order to reclaim land next to the present pier.

Mr. MASSEY: Is the $125,000 for a breakwater at Toronto island to be earmarked for any particular work?

Mr. CARDIN: This is a revote to provide for the federal government's share of approximately one-half the cost of constructing a breakwater 6,408 feet in length, along the south shore of Toronto island from Ward's island to Centre island.

Mr. MASSEY: It is not part of the $400,000 scheme that was suggested?

Mr. CARDIN: No.

Mr. MASSEY: Is there any time limit to when this work must be finished? Are there any strings attached to this vote?

Mr. CARDIN: I am informed that this work is under way.

Mr. MASSEY: Quite, but when does it have to be completed?

Mr. CARDIN: It will be completed this fall.

Mr. LOCKHART: I am told that certain breakdowns occurred in the harbour of Port Weller and Port Colborne on the Welland ship canal, and I do not see anything in this item to cover this work.

Mr. CARDIN: We have not received any report covering that.

Mr. LOCKHART: The hon. member for Welland (Mr. Damude) perhaps would be in closer touch with this than I am, but I understand that this work needs attention.

Mr. CARDIN: It may be that the matter my hon. friend refers to would come under the Department of Transport. The Department of Public Works has received no report on this matter.

Mr. LOCKHART: Would not harbour work come under your department?

Mr. CARDIN: It would be the Department of Transport.

Mr. PERLEY (Qu'Appelle): I notice that the largest amount in this vote is for harbour improvements at Port Arthur, $260,000. That is a large amount of money. Could the minister tell us what is the nature of the improvements to the harbour at Port Arthur?

Mr. CARDIN: The amount is to provide for work under contract. Of this $260,000, there is a revote of $153,000. The contract has been awarded to the Canadian Dredge and Dock Company Limited. It is part of a scheme of improvement of the harbour which was commenced a number of years ago. The following is the work under contract and the cost at contract prices: completion of 1,000-foot section of breakwater immediately south of New Central entrance. That requires 11,000 tons armour stone, $38,500; 150,000 cubic yards of core stone, $135,000; rectification of 1,200 feet of breakwater, 13,200 tons armour stone, $52,800; and 1,200 cubic yards of core stone, $24,000. That, with inspections, surveys, et cetera, represents the amount of $260,000.

Mr. DAMUDE: In connection with the harbour at Port Colborne, I understand that estimates are in the Department of Transport to the amount of $86,000.

Mr. LOCKHART: Mostly maintenance, I think. I happen to know something about the region of Port Maitland, and I notice there is only $2,700 in the estimates for work to be done there. May I have some information as to just what that breakwater consists of? I was under the impression that there was considerable work to be done there.

Mr. CARDIN: The explanation given to me is that the amount is to provide for the construction of a rubble stone protection wall 200 feet in length along the shore, at the inner end of the existing sheet pile wall at Port Maitland. The sheet pile wall built from 1929 to 1931 extends up stream along the west bank of the Grand river, and is to prevent erosion. The district engineer reports that waves are following up this wall and are eroding the bank at its upper end, and he recommends the placing of rubble stone to prevent further damage.

Mr. LOCKHART: That is not a revote? That is new work, is it?

Mr. CARDIN: That is new work.

Mr. PURDY: I wonder whether the minister could reassure some of my friends to the left. They have been murmuring among themselves that the $250,000 for Hamilton has something to do with the recent election. I am sure the work will go on just the same.

Mr. PERLEY (Qu'Appelle): I think the vote should have been enlarged on that account.

Mr. PURDY: In other words, the Liberal party did not promise this without the intention of fulfilling its undertaking. It was no Indian gift.

Mr. MASSEY: Rather, Greeks bringing gifts.

Item agreed to.

Saskatchewan

Harbours and Rivers,
Ceepee—bridge, $45,000.
Ile a la Crosse—wharf, $11,000.
Meadow and Beaver rivers—improvements, $4,000.
Waskesiu lake—dredging, $9,500.

Mr. PERLEY (Qu'Appelle): I want to draw the attention of the committee to this magnificent vote—$69,500 in all for the province of Saskatchewan—$45,000 of which is for the Ceepee bridge. Is this for the completion of that bridge?

Mr. CARDIN: Yes, that is for the completion of the bridge.

Mr. PERLEY (Qu'Appelle): Has the work been going on during the winter?

Mr. CARDIN: No.

Mr. PERLEY (Qu'Appelle): There have not been any inspectors, then, on that job?

Mr. NEEDHAM: Will the minister give particulars of the $9,500 for dredging at Waskesiu lake? It is in the national park north of Prince Albert. There is no traffic on that lake, so far as I know, except pleasure boats, so why this $9,500 for dredging?

Mr. CARDIN: The amount is to provide for the deepening of the enclosed harbour at Waskesiu, Prince Albert national park, by the removal of approximately 17,900 cubic yards. The proposed work is requested by the parks superintendent. He reports that this area is silted in very badly, and that during the periods of low water it is almost impossible to use even a row-boat without fouling sand bars. The lake is used for boating by some residents of and vistors to the park, and the district engineer reports that unless the proposed dredging is carried out, boats cannot use the harbour.

Mr. HEAPS: Are there any row-boats there?

Mr. CASSELMAN: Two.

Mr. McLEAN (Melfort): There are many launches there.

Item agreed to.

British Columbia

Harbours and Rivers,
Ahousat—wharf, $7,200.
Columbia river (below Burton)—bank protection, $15,400.
Digby island—wharf repairs, $20,000.
Fraser river—contribution towards protection work at Agassiz, the provincial government to contribute a like amount, $5,000.
Fraser river—improvements, $170,000.
Fraser river (Lulu island)—protection work, $39,000.
Fraser river (north arm)—dredging, $100,000.
Mayne island—wharf improvements, $7,200.
New Westminster—fisheries station, $30,000.
Port Alberni—extension to assembly wharf, $4,100.
Port Alberni—dredging at floats, $12,500.
Savary island—wharf enlargement and improvements, $2,500.
Snagboat Samson—reconstruction, $57,000.
Tachi river—improvements, $3,000.
Trail—retaining wall, $10,000.
William Head (quarantine station)—wharf repairs, $25,100.

Mr. NEILL: Referring to the item, Port Alberni, extension to assembly wharf, $4,100; should not that be "repairs"? You could not make much extension of that big wharf for $4,000.

Mr. CARDIN: It has to do with the construction of a 400 foot extension to the assembly wharf. The amount of the contract was nearly $73,000.

Mr. NEILL: This is an addition to that sum?

Mr. CARDIN: An addition, to complete it.

Mr. NEILL: Then the next item, Port Alberni, dredging at floats, $12,500. I understood it was intended to provide $9,000 for dredging, and $6,000 for new floats. Are the floats left out? I think the original amount was $15,000. Apparently no provision is made beyond the dredging. The floats have to be taken out, then the ground dredged, and the floats put back again, with some extra ones. But apparently there is no provision for the floats.

Mr. CARDIN: That is a revote, providing only for the dredging.

Mr. NEILL: It is no use dredging unless you put the floats in. The original estimate, I think, was $9,000 for the dredging and $6,000 for the floats, but as I have said, there does not appear to be any provision for the floats, or for renewals.

Mr. CARDIN: I am informed that the dredging is being provided for in these estimates, and it may be an advantage to use the floats that are there already.

Mr. NEILL: Yes, but the original recommendation, and in fact last year's vote, included $6,000 for taking out the floats—that is necessary before the dredging is done—and putting them back again, and supplying some additional ones necessitated by the increased area provided by the dredging. There should be an item somewhere for this, of some $6,000, unless you are going to take it out of the general vote.

Mr. CARDIN: The information is that somebody must have opposed it, although we have nothing definite before us. However, the matter deserves consideration.

Mr. BARBER: Where is the Ahousat wharf located?

Mr. CARDIN: In Comox-Alberni.

Mr. BARBER: Can the minister give any particulars of the Mayne island wharf improvements, $7,200?

Mr. CARDIN: This is required to reconstruct and extend the wharf head and to provide two landing places instead of one. The request has come in the form of a petition from the residents.

Mr. BARBER: Is it not true that the request was for a ferry wharf? The federal government undertook to build this wharf for ferry purposes, but another wharf was built on the opposite side of the river.

Mr. TOLMIE: Is Mayne island on the Fraser river? The last time I saw it, it was in the gulf of Georgia?

Mr. BARBER: I noticed in the local newspaper that provision had been made for this wharf and I understood that it was at a point on Mayne island, because a bridge was built to this island, and from the island the ferry was to run across the Fraser river.

Mr. CARDIN: I am informed that that is another matter.

Mr. BARBER: There is no provision for that ferry wharf in the Langley district?

Mr. CARDIN: I understand that is another matter.

Item agreed to.

Telegraph and Telephone Lines—Ontario—contribution of one-half the cost of construction of telephone line between Killarney and Little Current, $6,000.

Mr. STEWART: Who contributes the other half?

Mr. CARDIN: The Canadian Pacific Railway.

Item agreed to.

Public Works—miscellaneous—to provide for balance required to complete any projects already undertaken, no new works to be undertaken, $200,000.

Mr. GRAYDON: Has the minister had an opportunity to give attention to the request I made a short time ago to have the union jack replaced over the Port Credit post office? I have had complaints about the condition that flag has been in for some time.

Mr. CARDIN: It has been attended to.

Item agreed to.

Public works—salaries, $509,450; contingencies, $56,000.

Mr. POULIOT: I thank the minister for the help he gave me last year in the way of work done in my constituency, but I regret that quite often reports are delayed by the engineers in the Quebec branch. I hope that in future they will be more careful and will not suggest putting timber on rotten boards, as they have done in the past.

Item agreed to.

Mr. CARDIN: I wish to express my appreciation of the kindly disposition shown by my predecessor, the ex-Minister of Public Works, and by the opposition in passing my estimates generally. In fact hon. members opposite including all groups have been very kind and I do greatly appreciate the consideration they have shown.

Mr. STEWART: I believe the minister left one item open.

Mr. CARDIN: Yes, item 17.

Mr. STEWART: I see no reason why that item should not be passed.

Public Buildings

Rents, Repairs, Furniture, Heating, Etc.

Ottawa public buildings and grounds—elevator attendants, $124,000.

Departments generally—char service, including $150 for firing noon gun, $489,000.

Heating, including salaries of engineers, firemen and watchmen, $408,000.

Light and power, including roads and bridges, $204,000.

Repairs, improvements, additions and maintenance, $360,000.

Rideau Hall—allowance for fuel and light, $19,000.

Rideau Hall—improvements, furniture and maintenance, $42,000.

Telephone service, $93,000.

Water, $67,000.

The CHAIRMAN: Shall the item carry?

Item agreed to.

Progress reported.

It being ten minutes after eleven o'clock the house adjourned, without question put, pursuant to standing order.

Friday, April 2, 1937

The house met at eleven o'clock.

RAILWAYS AND SHIPPING

Fifth and final report of the standing committee on railways and shipping.—Sir Eugene Fiset.

OFFICIAL REPORT OF DEBATES

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

That the recommendation submitted by the Civil Service Commission under section 12 of the Civil Service Act for the change in the compensation of the editor of French debates and chief of French reporting staff, laid on the table of the house on Monday, March 29, 1937, be approved.

Mr. BENNETT: Perhaps the Prime Minister will explain this.

Mr. MACKENZIE KING: The title of this position was changed by resolution of the house in the session of 1929 from associate editor of debates and reporter (French) to editor of French debates and chief of French reporting staff. The civil service commission has classified the position at the salary mentioned in the report laid on the table of the house. This classification involves an increase of $180.

Motion agreed to.

[Mr. Cardin.]

LIBRARY OF PARLIAMENT

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

That the recommendation submitted by the joint librarians of parliament for a change in the organization of the staff of the library, laid on the table of the house on Thursday, April 1, 1937, be approved.

Motion agreed to.

SEED GRAIN

GUARANTEE OF LOANS FOR PURCHASE OF SEED AND OTHER ASSISTANCE IN SEEDING OPERATIONS IN WESTERN PROVINCES

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure to authorize the guarantee by the government of Canada of principal and interest of loans made by chartered banks and guaranteed by the provinces of Alberta, Manitoba and Saskatchewan, respectively, for the purchase of seed grain and for providing other assistance to farmers in connection with seeding operations during the spring of 1937; such loans not to exceed in the aggregate the sum of $1,600,000 in respect of Alberta, $750,000 in respect of Manitoba, and $6,600,000 in respect of Saskatchewan.

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

Motion agreed to.

RADIO BROADCASTING

ADDRESS BY MR. GLADSTONE MURRAY AS REPORTED IN THE PRESS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): I wish to ask a question based on an article in the Montreal Gazette of March 23, in which it is reported that Major Gladstone Murray said:

There is a very important development connected with public service broadcasting in Canada, and the whole of Canada must realize that we have two parent languages. We must be ready and willing, and we should be anxious to accept the heritage of these parent languages with their storehouses of literature and history. The Canadian Broadcasting Corporation is pledged to make Canada bilingual, to eliminate all these differences of opinion.

I should like to ask the government whether that is the policy of the government, and was the head of the commission speaking for the government. The other day I got no reply but "no." The extract from a newspaper article in the question as drafted had been struck out.

Mr. HOWE: That question was answered the other day—

Mr. BENNETT: No, it was not answered.

Mr. HOWE: —that the government had no knowledge of the speech.

Mr. BENNETT: There is a serious issue involved in connection with this. The hon. member showed me the answer he received, which was not an answer to his question at all. He submitted to the clerk before placing it on the order paper a question which contained an extract from a newspaper. The clerk struck it out and put on the order paper a question of his own making, which was not satisfactory to the hon. member; however that has nothing to do with this. But the answer does not deal with the question. The hon. member has shown me the extract from the newspaper, which is in quotation marks, a declaration of policy by the head of the broadcasting commission, for which the government now assumes full responsibility, in view of what was said last session, and the question whether or not that policy is authorized by this government is a proper question.

Mr. CHURCH: It is contrary to the British North America Act.

Mr. MACKENZIE KING: As to who authorized the statement, I would say that the commission made its own statement, without any knowledge in advance on the part of the government. As to the question having been altered by the clerk, I may say the government had no knowledge whatever of that.

Mr. BENNETT: I am quite certain as to that. But that is not the question; the question is whether or not that statement made by Mr. Gladstone Murray, shown in quotation marks in the Gazette, is a statement which he was authorized to make. I understand the Prime Minister to say he was not. If he was not he certainly should be dismissed at once.

Mr. LAPOINTE (Quebec East): There is a rule of the house which states that answers to questions must be accepted as given.

Mr. BENNETT: He should be dismissed for making that statement.

Mr. LAPOINTE (Quebec East): The government answered the question and it should be accepted as it is. I would have been surprised if some hon. member had not tried to bring up some question of this kind before this session ended. We have been free from it so far.

Mr. BENNETT: Is there any reason why the minister should himself violate the rule to which he has just directed attention?

QUEBEC FISHERIES

On the orders of the day:

Mr. VITAL MALLETTE (Jacques Cartier) (Translation): Mr. Speaker, I wish to make an inquiry of the hon. the Minister of Fisheries (Mr. Michaud). The Montreal Gazette of this morning, April 2, 1937, reports, on page 3, column 3, certain remarks made in the Quebec Legislature yesterday by Hon. Onesime Gagnon, Minister of Fisheries of that province, concerning the relations between his department and the Dominion Department of Fisheries. I should like to know whether the minister has seen these remarks and whether he has a statement to make to this house regarding them.

Hon. J. E. MICHAUD (Minister of Fisheries) (Translation): I thank the hon. member for having informed me of his intention to bring to my notice a statement said to have been made in the Quebec Legislature yesterday by Hon. Onesime Gagnon, Minister of Fisheries, respecting certain words attributed to me by an official of that provincial department. Upon hearing of Mr. Gagnon's statement, yesterday afternoon, I sent him the following telegram.

> Informed by telegram that you stated in the legislature that I said to Mr. Gibault, in the course of an interview with him a few days ago: "Not a cent for Quebec." That is contrary to the facts, as can be proved by my deputy minister who was present at interview. I said to Mr. Gibault that the province of Quebec could not be treated differently from other provinces whose fisheries are not federally administered and who receive no subsidies or assistance. I told him that we intended to carry out our obligations in respect of the Magdalen island fisheries which, while in Quebec, are under federal jurisdiction.

I cannot believe that Mr. Gagnon did make the statement attributed to him by this morning's papers. I am still wondering why he should have made use of a subordinate's report to pass judgment on my attitude regarding the administration of fisheries in Quebec, when he could so easily have reported the conversation I had with him, barely a few weeks ago, in his office in Quebec, in the presence of his deputy minister. Hon. Mr. Gagnon certainly cannot say that during that conversation I gave any indication of hostility. On the contrary, I left Ottawa to confer with him regarding the Quebec fisheries, the administration of which is still under his exclusive jurisdiction. This incident goes to show how difficult it is to cast off the old

man. If Mr. Gagnon did say about me what this morning's newspapers report, I cannot but think that it was the former Tory minister rather than the present National minister who was speaking. It seems to me that I have always shown myself ready to cooperate with the Quebec Minister of Fisheries, and this incident can only make more difficult the settlement of a question that should be of far greater interest to the fishermen of Quebec than the provocation of a conflict between the dominion government and the Quebec government.

PRIVILEGE—MR. STEVENS

PROCEEDINGS IN BANKING AND COMMERCE COMMITTEE ON THURSDAY, APRIL 1

On the orders of the day:

Hon. H. H. STEVENS (Kootenay East): I rise to a question of privilege. I have been a member of this house for some twenty-six years, and I have always sought to do my duty in the house and on committees as fairly as I can. There are occasions when I have held strong views and supported them as vigorously as I have been able to do, and I do not intend to retreat from that position at any time. In the press this morning is a statement supported by the record of what occurred last night in one of the committees of this house. I shall read the dispatch in the press, and upon that base my protest and question of privilege:

> Dunning Hits at "Minority" in Committee
> Charges Attempt Being Made to Prevent Decision on Bill

Then the dispatch quotes the minister as follows:

> I protest against the idea evidently dominating this committee that no decision is to be reached. . . . Parliament has the right to dispose of a bill as it will, or make no decision, but it is carrying it rather far to prevent parliament deciding for itself.

The bill referred to was the Central Finance bill, which was referred by this house to the banking and commerce committee on Tuesday the sixteenth day of March. I now direct your attention, Mr. Speaker, to the fact that since that date there have been only eleven effective parliamentary days, and obviously the committee could not sit every day. Furthermore a number of other committees are sitting at this time. It is no argument, in referring to the committee, to say that the session is drawing to a close. This has been a short session, and there is ample time in the future to consider all matters before parliament. I can quote from the record as to exactly what the minister said, to support the published statement. I quote from the stenographic report of the proceedings of the committee last night:

Mr. Dunning: —

Mr. DUNNING: Mr. Speaker, I suggest that there is no report from this committee before the house. I have not the right to quote from the proceedings of a committee, and therefore I presume my hon. friend has not the right.

Mr. STEVENS: I am speaking to a question of privilege. Under the rules of the house the proceedings of a committee cannot be quoted in the house while the matter is still before the committee. That is perfectly true, but on a question of privilege, when the matter has been published and broadcast in the press, I think a member has a right to quote from the record in order to support the accuracy of his statement. I am in the hands of the Speaker.

Mr. LAPOINTE (Quebec East): I believe my hon. friend has the right to deny the accuracy of the report, but I do not think he can quote the proceedings of the committee.

Mr. STEVENS: Well, then, Mr. Speaker, I wish to deny it in these terms: At five different meetings of the committee no quorum was obtained until half an hour after the time for which the committee was called. I and a few others appeared at the hour fixed for the meeting of the committee, and on five different occasions no quorum was in attendance for at least half an hour after the time fixed. That is one thing. In his statement the minister said it was clear by the votes of the committee. I have not the votes of the committee before me, but I have this record in mind: On one occasion it was six to eleven; on another it was five to ten—

Mr. DUNNING: My hon. friend is again quoting from the proceedings of the committee.

Mr. SPEAKER: I do not think the hon. member can quote from the proceedings of the committee, because they are not before the house.

Mr. STEVENS: I am not quoting from the records; I am quoting from memory. A third vote was nine to nine, which indicates that it was not a small minority of the committee, but that there was a division of interest.

In the second place, Mr. Speaker, I submit this to you and the hon. members of the house. When this bill was referred to the committee it was with the distinct understanding that the committee would go into the

whole question of small loans as far as it desired, and I resent and deny the statement of the minister that there have been blocking tactics in order to deprive parliament of an opportunity of deciding the question. I say further that as yet adequate consideration has not been given to the subject or to the bill.

Hon. CHARLES A. DUNNING (Minister of Finance): I submit, Mr. Speaker, that there is no question of privilege involved in what has just been stated by the hon. member for Kootenay East (Mr. Stevens). What I said in the committee last night was my opinion as a member of that committee. I submit that I had a perfect right to state it, and to state also my belief that it was not desirable that bills should be talked out in committee, thus depriving the House of Commons of its privilege of deciding what should be done with the bills. My opinion may not meet the views of others, but surely as a member of the committee I had a perfect right to state it and to state it here again now.

Mr. STEVENS: Mr. Speaker, I rise again to a question of privilege. Neither the minister nor any other member of this house has any right to impute motives to any other hon. member, and the minister states brazenly now that he repeats it.

Mr. DUNNING: I rise to a point of order—

Mr. SPEAKER: I do not think the Minister of Finance has imputed any motives to the hon. member for Kootenay East. The minister is simply expressing his opinion.

Mr. DUNNING: I ask for the withdrawal of the word "brazenly," which is out of order.

Mr. STEVENS: I am speaking to a question of privilege. The minister stated it was clear from the minority votes of that committee—

Mr. DUNNING: No, I made no such statement. My hon. friend is again contravening the rules of the house by purporting to quote from the proceedings of a committee, and is distorting the words which I used. I submit that the matter is out of order.

Mr. STEVENS: Will the minister and the house permit me to read the record?

Some hon. MEMBERS: No.

Mr. SPEAKER: I think the hon. member has stated his point of privilege sufficiently to suit his purpose; the Minister of Finance has made his statement, and I do not believe there is anything further to add.

COMBINES INVESTIGATION ACT

PROVISION FOR ADMINISTRATION BY COMMISSIONER UNDER MINISTER OF LABOUR

The house resumed from Thursday, April 1, 1937, consideration in committee of Bill No. 41, to amend and consolidate the Combines Investigation Act and amending act—Mr. Rogers—Mr. Sanderson in the chair.

On section 20—Investigation into business of alleged parties to combine.

Mr. BENNETT: With respect to this section, no doubt the minister will recall the Wilkes case and the declaration of law made in England in connection with the issue of warrants, general warrants, search warrants and matters of that sort. Here, without anything other than this statement in the section, we are authorizing the commissioner to enter premises and seize books. I followed the remarks of the minister yesterday, and I agree that it is desirable that in your desire to protect the rights of the subject you should not so protect them that the law cannot be enforced or administered. On the other hand, however, this British country has been extremely careful about that. While I can understand this statute being passed in the form in which it was at the time in question, it is a little difficult in this day to understand why we should be asked to authorize a man to enter the premises of another and take his books, documents or records without warrant other than this.

The criminal code provides for a warrant, and it provides the procedure that has to be followed in order to secure a warrant. During the night I happened to think of the Wilkes case, which is on all fours with this sort of thing. Public opinion was very much agitated by the Wilkes case and the conclusion at which the courts arrived in connection with it. I think it was Lord Ellenborough, although I have not had time to look it up this morning, who delivered that great judgment with respect to the issue of warrants. Here, without a search warrant, without anything in the world, the commissioner has authority, not to deal with the person against whom he has a charge, but "any person who the commissioner believes may be a party or privy to" it. He may walk straight into that person's office, including the office of the solicitor who he may believe has assisted in the formation of the combine. Not only he, but his duly authorized representatives may enter and ex-

amine the premises, books, documents and records, and make copies of or retain any of such books, and keep the books of the man whom he suspects as being privy to the combine, or to have assisted in it.

The amendment to the section is striking at this particular time. I can fancy how, under different circumstances, if legislation of this kind had been passed there would have been cries of invasion of the rights of the people. If the judgment in the Wilkes case, which up to the present has been respected, is not to be considered; if the provision of the criminal code with respect to search warrants is to be disregarded, and if without any evidence in the world other than his belief the commissioner is to be in a position of exercising the power of a policeman with a search warrant under the criminal code, then I do submit to the minister it is going too far. That is all I can do.

Mr. ROGERS: I recall the objections made yesterday by the leader of the opposition, and I can assure him that in the interval we have given further thought to them. I would point out in the first place that any action taken under this section is taken pursuant to an investigation which has been authorized under the provisions of the act following the application of six persons or at the instance of the minister. I think that disposes of the suggestion that the commissioner may, of his own volition, carry out—

Mr. BENNETT: Surely the minister has not read the section. Section 20 covers all that, up to the word "commissioner," but now we have it that the commissioner may believe such person is party or privy to the combine. The minister has nothing to do with it, neither have the six people.

Mr. ROGERS: The commissioner does not do it of his own volition.

Mr. BENNETT: But he does. He does it of his own volition; he does it because he believes somebody may be a party to it. It says:

> The commissioner shall have authority to investigate the business—

And then it goes on—

> —of any person who the commissioner believes may be a party or privy to . . . a combine.

All he has to do is to say, "I have the belief"—and nothing else. The minister knows nothing of it. It is simply that the commissioner believes someone is privy to it, including the solicitor, and he may walk in and, without a warrant, take the books. Certainly for over a hundred and fifty years the Wilkes case has been the governing case in matters of this kind. Of nothing have we been more careful than the liberty of the subject with respect to his property, and the obtaining of a search warrant to invade his property, so that it may be taken from him. Just because this man believes something, he can do these things. Surely the minister would hardly say that either the six people or the minister have anything to do with it. The commissioner believes; all he has to do is to believe it, and there is no remedy in the world against his belief.

Mr. ROGERS: Perhaps I did not make myself clear. What I had in mind was to emphasize that this was pursuant to an investigation which previously had been authorized.

Mr. BENNETT: Yes, quite.

Mr. ROGERS: On the further point as to whether or not it is wise to have this section in the act, may I emphasize that it is not an entirely new provision. There is some change from the previous provision touching the same matter, but from the beginning we have had sections of this kind in our anti-combine legislation. In other words, the warrant is here. I agree that perhaps it is in the nature of a general warrant, but let us remember that all we have in view is to secure evidence in an investigation upon which a criminal proceeding may follow in the courts. I do not think this is entirely unknown in the legislation of parliament. Under the Food and Drugs Act, and under the Precious Metals Marking Act, which was before the house the other day, there are provisions—

Mr. BENNETT: Not like these.

Mr. ROGERS: —under which officials of the government may enter the premises and take articles which are not in conformity with the provisions of the act, keep them and use them as evidence in subsequent criminal proceedings. My right hon. friend will recognize that that is true with respect to the Food and Drugs Act and also the Precious Metals Marking Act.

Mr. BENNETT: There is no similarity between them.

Mr. ROGERS: What we are seeking to find is the evidence upon which a future proceeding may follow. If the evidence is not disclosed, obviously no proceeding can follow. This is not a departure from what has been done in previous years. Rather it is a recognition that some warrant of the kind is necessary in order to secure all the facts in an investigation.

Mr. BENNETT: Mr. Chairman, I have been endeavouring to deal with this matter as one of public interest and public concern. The fact that something has been done does not in any sense detract from what I believe to be the force of the statement of the real position. The section is not a reproduction of the former one; there are modifications of it. I should like the Minister of Justice to look at the language of the section. The commissioner, who is Mr. McGregor, shall have authority—

Mr. ROGERS: Surely the leader of the opposition is not entitled at this time to say who will be the commissioner.

Mr. BENNETT: I am talking about the present one.

Mr. ROGERS: He is the registrar.

Mr. BENNETT: Well, "registrar."

Mr. ROGERS: And he enjoys that position, I might say, by order in council, and not by any provision of the Dominion Trade and Industry Commission Act.

Mr. BENNETT: I am familiar with that. It was provided in the statute that his superannuation should be protected, and that sort of thing.

Mr. ROGERS: Well, it would be better to assume only that there will be a commissioner.

Mr. BENNETT: If in any sense it annoys the minister, I will treat the argument purely as one which has to do with A or B or C.

Mr. ROGERS: It is not a case of annoyance at all.

Mr. BENNETT: The commissioner, Mr. A,—

—shall have authority to investigate the business or any part thereof, of any person who the commissioner believes may be a party or privy to or have assisted in the formation or operation of a combine.

That is one thing. All you have to do is to have a commissioner who says, "I believe that Mr. Bennett, the solicitor, had to do with the formation of a combine," and thereupon he may walk into my office and take my books. But it does not stop there. He may sign a paper to let somebody else do it. That is the section as it reads. In this twentieth century we are asked to agree that this commissioner, simply because he believes something, may sign a paper and send John Jones into my office to take my papers. Then the next point: He may examine the premises, books, documents and records of or in the possession or control of the person whose premises he searches. He may make copies of them, or retain any of such books or documents which he believes may contain information regarding the offence. I cannot think that the minister seriously urges that we do that. Here is the law with respect to search warrants, the criminal law of Canada. There is nothing about which we have been more careful. We have provided the machinery by which a search warrant may issue. All these provisions are to be embodied in this section, which provides that a man or a representative named by him—not on sworn testimony, not on an affidavit such as would be required in a civil action, but simply on the statement of his belief—may walk in and take the books and records. I cannot think that is sound.

Mr. ROGERS: I can only repeat that this is not essentially a new power being given to the commissioner under the Combines Investigation Act. In past years it has been found necessary to have some power of this kind in order to secure evidence upon which the existence of an illegal combine may be established. I believe similar power is given by other legislation. As the leader of the opposition has suggested, there is the celebrated Wilkes case in England with regard to general warrants. In connection with a number of matters we have had to act differently in view of the marked change which has taken place in our industrial life and also in view of the practices which have been associated with certain aspects of our industrial and commercial life. I do not think it would be wise to deprive the commissioner of the powers necessary in the course of his investigation. I would emphasize that all that is done here is done pursuant to investigation. There can be no conviction until the matter has been brought before the courts. I think one is justified in assuming that the power so held will be exercised by the commissioner with due discretion.

Mr. BENNETT: I am looking up the provisions of the criminal code with respect to search warrants. This section can go forward now and I shall speak to the matter later.

Section agreed to on division.

On section 21—Powers of commissioner as to witnesses.

Mr. CAHAN: I would say that section 21 nullifies the necessity of section 20. Section 21 provides that the commissioner may make such orders as are necessary to secure the attendance of witnesses and the production of books and documents. If the commissioner can summon before him any person to produce documents and to give oral evidence with respect thereto, that may be all that

would be necessary in conducting an investigation of this kind. A dozen attorneys in the city of Montreal may have been associated in their professional capacities in the formation of what is believed to be a combine and under section 20 the commissioner may proceed to their offices and seize all their papers, although they are confidential, with respect to the organization of certain companies or associations. These may be retained by the commissioner. Section 21, which gives the commissioner authority to summon in an official way persons for the production of papers and the giving of evidence with respect thereto should be quite sufficient.

Subsection 2 provides that any person summoned by the commissioner shall be competent and may be compelled to give evidence as a witness. I submit that that can be enforced only with regard to a breach of the existing criminal law. This parliament has no legislative power or competence to authorize an investigation, to summon witnesses and to compel the production of papers unless it be an investigation into a subject matter within the legislative competence of this parliament. The mere belief of a commissioner is not a matter within the legislative competence of this parliament. There must be a violation of some existing criminal law. The whole matter of the rights of contracts and the rights of individuals to conduct their business and to organize companies under the civil law of the province—dealing especially with the organization of companies under provincial legislation—are not infringements of criminal law with respect to which this commissioner may act. He has no authority and this parliament can give him no authority to investigate a civil matter, except it be a matter such as banking, insolvency or some other matter which is within the special classes of subjects under the legislative jurisdiction of this parliament. This commissioner can have no power and this parliament is incompetent to give him any authority to deal with matters which primarily and nominally are under the legislative jurisdiction of the provinces.

Mr. THORSON: The answer to the remarks just made by the hon. member for St. Lawrence-St. George has been given by the judicial committee of the privy council. The judicial committee held that the Combines Investigation Act was intra vires of this parliament.

Mr. CAHAN: Certainly.

Mr. THORSON: Does it not follow that the powers necessary to the proper administration of the act and the proper investigation into whether there is or is not a combine are also within the jurisdiction of this parliament?

Mr. BENNETT: As being ancillary.

Mr. THORSON: Yes. I think that follows as a matter of course. The whole purpose of this act is to provide machinery for investigation into combines. Once parliament has adopted that principle it ought to provide proper and adequate machinery to accomplish the purposes of the act. It does so by giving certain powers to the commissioner, who is the officer appointed under the provisions of this bill. That is the justification for section 20 and section 21. Admittedly section 20 gives wide powers, and section 21 provides for the calling of witnesses and the production of documents. If an investigation is to be conducted properly and thoroughly, witnesses must be called and documents must be produced, because usually the essence of a combine is the making of an agreement of some kind or other, and in many cases that agreement is evidenced by a document. That document is therefore the basic document, and we ought to provide in this bill for the machinery which will enable that document to be produced, so that the commissioner may make the thorough investigation that ought to be made if the principle of this bill is to be applied.

Mr. CAHAN: In reply to that I would say that a combines act has been declared to be within the competence of parliament, but not this combines bill. The contemplated act is very different. As I attempted to explain yesterday, it is much wider in its application than the combines act which was before the judicial committee of the privy council. Secondly, the basis on which the old combines act was declared to be within the competence of parliament was that it was dealing with an investigation into certain sections of the criminal code to ascertain whether crimes had been committed in respect of those provisions of the code. What I stated yesterday by citation of the acts is, I think, quite sufficient until the amendment proposed by the minister is brought down, and I need not now go into it further. But this proposed combines bill has never been before the judicial committee. Possibly the implication which this bill contains is necessary and inevitable, but it is only by implication that this commissioner is proceeding preliminary to or during an investigation when he proceeds as suggested in sections 20 and 21 of this bill. But assume that he is proceeding with respect to an investigation: in the act which was confirmed by the judicial

committee of the privy council there was no provision for his forcible entry into offices and seizure of their papers. He could summon witnesses, he could compel the production of papers, but he had no authority under the previous act to seize private property.

Mr. BENNETT: I wonder if the Minister of Justice (Mr. Lapointe) would give me his attention for a moment, because now I have the relevant section dealing with search warrants under the criminal code. Section 20 of this bill contemplates the commissioner being himself the executor of the search warrant. That is the first distinction; he himself executes his own warrant, the warrant being this section, as the minister puts it; I decline to accept that view. Let me read the provisions of the existing law:

629. —Any justice who is satisfied by information upon oath in form 1, that there is reasonable ground for believing that there is in any building, receptacle, or place,—

(a) anything upon or in respect of which any offence against this act has been or is suspected to have been committed;

That could easily be done here. It could be provided that the commissioner upon application to a justice may obtain a warrant under the same provisions as in the criminal code.

or (b) anything which there is reasonable ground to believe will afford evidence as to the commission of any such offence; or

(c) anything which there is reasonable ground to believe is intended to be used for the purpose of committing any offence against the person for which the offender may be arrested without warrant;

may at any time issue a warrant under his hand authorizing some constable or other person named therein to search such building, receptacle or place, for any such thing, and to seize and carry it before the justice issuing the warrant, or some other justice for the same territorial division to be by him dealt with according to law.

If the building, receptacle or place in which such thing as aforesaid is reputed to be is in some other county or territorial division, the justice may, nevertheless, issue his warrant—

And when it is endorsed it becomes effective Here are the notes in the 1935 edition of Crankshaw, page 698. I believe the minister will realize their importance:

The above section, 629, authorizes the issue of a search warrant, whenever the justice is satisfied by information upon oath that there is reasonable ground for believing that there is in any premises, 1, anything upon or in respect of which any offence has been or is suspected to have been committed, or, 2, anything which there is reasonable ground to believe will afford evidence as to the commission of any offence, or, 3, anything which there is reasonable ground to believe is intended to be used to commit any offence for which the offender may be arrested without warrant.

To justify a magistrate in granting a search warrant to search for stolen goods, the information made before him need not allege that the goods have been actually stolen, but it is sufficient if the information can be fairly understood as alleging reasonable grounds for suspecting that the goods have been stolen.

An information to obtain a search warrant under section 629 need not be signed by the complainant—

He may make his statement on oath.

It has been held, in an English case, that the search warrant need not specify the goods for which search is desired. It is not necessary that the premises directed to be searched should be described in the search by metes and bounds—

Et cetera. In executing a search warrant the officer must have the warrant with him.

There is a point to which I direct attention with reference to the present statute. The complainant has made his oath and the justice has issued a document, which document is the authority for entering the premises, it being expressly provided by a paragraph of section 40 of the code that:

"It is the duty of everyone executing any process or warrant to have it with him, and to produce it, if required."

But paragraph 3 of section 40, ante, declares that a failure to fulfil either of the two duties mentioned in paragraph 1 of the section shall not of itself deprive the person executing a process or warrant of protection from criminal responsibility.

The constable to whom a search warrant is directed and to whom it is entrusted should use great caution in the execution of it. He should be accompanied to the premises by the owner of the property or by some other person able to point out and swear to the goods in question. If the premises are closed and the constable is denied admission after making demand of admission and disclosing his authority and the object of his visit, the premises may be forced open by him.

It has been held that a formal demand of admission by an officer is sufficient before breaking into a house.

In making the search, care must be taken that no other goods than those designated in the warrant, or such as have been actually stolen, be seized.

Where a constable has searched premises it will be presumed that he acted under a proper warrant, in the absence of any evidence on the point.

Where evidence obtained from a search has been admitted without objection the presumption is that the officer searching had a proper warrant and the onus is on the accused. . . .

Then, on page 699:

Where a discretion is given by statute to a magistrate issuing a search warrant, the court of appeal will not interfere where there were grounds upon which the magistrate could exercise his discretion.

The proceedings upon which a search warrant is issued and the warrant itself may be brought before the court on certiorari, and if the warrant is deemed to have been improperly issued, it may be quashed.

It is essential that an information for a search warrant should set forth the "causes of suspicion," in order to satisfy the justice that there is reasonable ground that the articles to be searched for are associated with the crime charged. If the information does not pledge the informant's oath to such belief and state the cause of his suspicion, it is insufficient, and a search warrant granted upon it is bad and should be quashed.

A search warrant based upon an information which is not sufficient to satisfy a reasonable man that there is reasonable ground to believe the existence of what is alleged, will be quashed.

A search warrant which does not show the offence in respect of which the search is to be made is bad and will be quashed on certiorari.

The warrant is regular if the search is authorized "at any time," such authority being authority to search at night and valid under section 630.

Then there is a provision, as we know, as to when the warrant should be executed.

Every search warrant shall be executed by day, unless the justice shall by the warrant authorize the constable or other person to execute it at night.

I now put to the minister these questions. In a proceeding authorized by parliament for the purpose of gathering evidence upon a preliminary investigation for a criminal offence, which is, as far as that is concerned, very much like the provisions of the criminal law of France, is it desirable—I put it on as low a level as that—that we should depart from the established principles that have always governed our law since the time of Wilkes in connection with search warrants? Look at the difference. This section provides that a commissioner shall exercise the power here contemplated upon his mere belief that something exists. He makes no oath, he does not place himself on record, as a man would have to do if seeking a search warrant in a million dollar transaction or in a case of theft or anything of that sort. There is no oath, no appearance before a legal authority; but merely because we have said in this parliament that if he believes that somebody is privy to a certain transaction he can walk in and take that person's books and his property. Section 629 of the code, which has been our law for years, certainly does not make provision for any such absolute power being exercised as is indicated here.

May I suggest what the proper course should be—and I am not trying to burke the bill. I merely offer a suggestion as to the way in which it should be dealt with, without claiming that the suggestion is in any sense a complete solution of the difficulty. The commissioner, when he believes so-and-so, may apply to a justice for a search warrant, and then you have all these provisions of the law; in other words, we have safeguarded in the transaction the persons whom we are proceeding against, in the same way as other persons are protected by the law. We have not, that is to say, the mere unsupported belief of an individual authorized to exercise great powers, but we have embodied in our statute the common experience of our institutions. He makes his oath that he believes so-and-so, setting out the grounds for that belief, and when he has done that the search warrant issues and he goes and takes possession of the documents. He has a constable do it. As it stands now, however, and as I pointed out to the minister a few minutes ago, the commissioner exercises the powers of a justice, without an affidavit, and he authorizes his representative to walk into somebody's premises notwithstanding that our law provides that a constable or peace officer shall be beside him with an authority, namely a warrant, which warrant can be obtained only upon an affidavit disclosing reasonable grounds. And it has been held by the courts—whether properly or improperly it is not my business to say—that if the warrant has been obtained without reasonable grounds being stated, that is, if the affidavit does not disclose reasonable grounds, such a warrant may be quashed; and such warrants have been quashed frequently.

What have we here by contrast? A belief on the part of one man, merely a belief, not backed up by oath or any such statement, and he walks in, himself, and if he cannot do it himself he signs a paper and sends somebody else to do it, without any evidence at all except that inward belief which is not manifested by any expression of opinion either under oath or otherwise. Is that right or just? I do appeal to the Minister of Justice not to place upon the statute books, now that we are revising an act, a principle that is at variance with every rule that has been recognized, since the great Wilkes case at any rate.

Mr. LAPOINTE (Quebec East): It is there already.

Mr. BENNETT: No, it is somewhat different. But if it were—

Mr. LAPOINTE (Quebec East): It is the same principle.

Mr. BENNETT: Well, the fact that it is there only makes me feel all the more strongly that it should not be there. Because in days past we placed upon the statute book something that should not be there is no reason why to-day I should admit its soundness. That argument, to use the language I once heard a lord chancellor use, would deny the possibility of reform.

Mr. LAPOINTE (Quebec East): I know; but my right hon friend stated that it was a new principle that violated something that had been recognized for centuries.

Mr. BENNETT: Perhaps I should put it this way. It embodies in its suggested form, as well as in the section to which reference has been made as having been in the statute since 1923, a violation of well-established rules, and it shifts the whole theory of our criminal law.

Mr. THORSON: Does not my right hon. friend think that in a statute such as this there ought to be a wide power to obtain basic documents?

Mr. BENNETT: Certainly, and I said so yesterday. I follow the argument made by my hon. friend as well as by the minister, and I approach the matter from the standpoint of there being a necessity for it. But in the exercise of the power, to give effect to that necessity, let us at least recognize the accepted principles of our criminal jurisprudence.

Mr. THORSON: But ought there not to be a wider power than that provided in the criminal code in respect of search warrants in view of the complexity of the operations that are being investigated and also in view of the fact that this is an investigating rather than a prosecuting statute?

Mr. BENNETT: Yes; but it is an investigating statute the effect of which, not to anticipate, is certainly very serious for individuals. In other words we are going back to the theory that has obtained on the continent; a man is charged with an offence and brought before a judge and he has to prove his innocence. That is not wholly lacking in many provisions of our law where you have something that is presented to you as prima facie evidence of an offence having been committed. But that is not the case here. This is an investigating act, and in the course of the investigation it is thought desirable that books and documents should be obtained, and I do say that it should not rest upon one man's belief, which may be prompted by malice or anything else, to exercise the power here conferred. He may become annoyed, he may be angry at the difficulties that he has had to meet. Let us leave all that aside and decide to stick to the established rules, and if he wants to obtain certain documents—there is no publicity about it—he merely walks round to a justice, makes an affidavit, discloses his reasons for believing so-and-so, and gets the warrant. But the hon. member for Selkirk (Mr. Thorson) will agree with me that when you apply it to a person who is not declared upon oath to be privy to something, but who somebody believes is privy, and on the strength of that have a commissioner exercise the power here contemplated, the position is different. I do say that that principle is unsound, and it would not make any difference how many times it had been enacted as far as my judgment is concerned.

I adopt the language of the Minister of Justice. No measures of this kind that violate fundamental principles in dealing with the liberty and property of the subject have ever yet been successful in British countries. They have not been successful for the reason that they at once arouse animosity and antagonism, which are reflected in the minds of a jury if the case goes before one. I do appreciate the view stated by the hon. member for Selkirk, but in the acceptance of it I ask the committee to apply the principles that have stood the test of time with respect to the sanctity of a man's property, his office, and his home. For this is without limitation as to either.

Mr. LAPOINTE (Quebec East): I do not minimize the weight of the representations made by my right hon. friend. I think he puts the question properly when he says that this is a change from what is generally done under the sections of the criminal code, when we prosecute or intend to prosecute offenders. But is it desirable to effect that change? That is the whole question. It is more a question of public policy than of law. This act—and these remarks will apply to other sections as well as this one—is directed to the suppression of combines which may be detrimental to the public interest. It is the public interest which governs this legislation and which we have in view in enacting every section of it. Apparently this parliament thought in 1923 and since, as well as in 1935, that a provision of this kind was desirable in order to come to ascertain the facts, in order to find out whether there really is a combine detrimental to the public interest. I agree entirely with my right hon. friend in what he says about the liberty of the subject, that the home of a citizen is his castle and in ordinary cases should not be invaded without warrant. But here it is an investigation which does not start until and unless application is made by a certain number of citizens or there is an order by the minister. For the purpose of carrying on that investigation, which is not an ordinary proceeding under the criminal code, parliament has thought it proper to give those

powers for the examination of documents and so on. It is a question of policy. It is for parliament to decide whether it is better that this power should be given.

The fact that it is only one man, that the commission as provided for under the 1935 act is replaced by a commissioner, whoever he may be, does not alter the principle. I do not think it makes a very great difference whether there are three men on the commission or only one commissioner. I do not find in this bill many differences from the existing law.

Mr. CAHAN: You have only to compare these two sections.

Mr. LAPOINTE (Quebec East): To avoid all these troubles perhaps it would have been wiser merely to reenact the old legislation, simply substituting for the word "commission" the word "commissioner."

Mr. CAHAN: Hear, hear.

Mr. LAPOINTE (Quebec East): My hon. friends opposite would, I suppose, have accepted what they voted for and what is their own work.

Mr. BENNETT: No, I would not accept this principle.

Mr. LAPOINTE (Quebec East): Not even if my right hon. friend endorsed it two years ago?

Mr. BENNETT: It was a reenactment of an existing statute. I certainly have been opposed to this provision all my life.

Mr. LAPOINTE (Quebec East): As I have stated, however, it is really a question not of law but of policy. There are many provisions in the federal statutes for the enforcement of federal laws which are quite different from the sections of the criminal code. Take for instance the income tax act; the officers of the Minister of National Revenue do not require a search warrant to go and examine books and documents in the offices and stores and property of any citizen of Canada. If they could not do so the law would be futile and they could not carry on their work.

I repeat, this is merely a question of policy. There is considerable weight in the objection of my right hon. friend, and I am not very strong at any time for arbitrary measures. But I really hope that this section will not be criticized any more than the one that existed before.

Mr. KINLEY: Does the Minister of Justice (Mr. Lapointe) not think the whole aspect of this act is somewhat changed? It repeals certain sections of the Dominion Trade and Industry Commission Act of 1935. I understand that one section was found ultra vires by the privy council. That section provided:

> 14. (1) In any case where the commission, after full investigation under the Combines Investigation Act, is unanimously of opinion that wasteful or demoralizing competition exists in any specific industry, and that agreements between the persons engaged in the industry to modify such competition by controlling and regulating prices or production would not result in injury to or undue restraint of trade or be detrimental to or against the interest of the public, or where such agreements exist and in the unanimous opinion of the commission but for their existence wasteful or demoralizing competition would exist in any specific industry, the commission may so advise the governor in council and recommend that certain agreements be approved.

At the present time no cooperation of this kind can be approved. It leaves it in a condition of uncertainty. That is the point.

Mr. ROGERS: I think we are on section 21. Perhaps the remarks of my hon. friend would be more relevant to another section.

Mr. KINLEY: The relevancy is this, that if you are treating industry as provincial statutes deal with organized crime, and provide no way whereby people in industry can put themselves right and make themselves immune to the act, it is very drastic legislation.

Mr. THORSON: There is nothing illegal about an arrangement of the kind that my hon. friend suggests. The only arrangement that is illegal is one that either has operated or is likely to operate to the detriment or against the interest of the public.

Mr. KINLEY: That is fundamental in the act.

Mr. THORSON: The reason section 14 which my hon. friend quoted was held invalid was that it had relation to a matter which was not ancillary to the criminal law. In other words the decision of the judicial committee recognized the validity of that kind of arrangement, but stated that the dominion parliament had no authority to pass that kind of legislation.

Mr. KINLEY: I do not propose to argue corporation law or constitutional law, but I say it did decide in advance what it was right and proper to do.

Mr. BENNETT: Just a word in answer to the Minister of Justice. I have always had the strongest possible view with respect to granting the right, without affidavit or oath, to any person to go into my office and take my books. I believe it is fundamental to my British citizenship that this should not happen. If my books disclose that I have

advised clients in what turned out to be an illegal and improper thing, that is protected by the traditions of the profession. On the other hand, to clothe one man with authority may be necessary for the purpose of securing information, but surely if he is clothed with authority he should not be set beyond the law that has been established for centuries but should be made to conform to the settled practice that deals with matters of that kind, namely making an affidavit and securing a form of instrument that authorizes the entrance into my home or my office and the taking of my books.

The law that this replaces did not authorize the taking of the books. What my hon. friend from St. Lawrence-St. George (Mr. Cahan) was pointing out so strongly was that under the statute as it formerly existed copies could be made, but now the books can be taken away and kept. The words are:

—and make copies of or retain any of such books, documents or records which the commissioner or his duly authorized representative believes may contain information—

Not satisfied with the inspection he makes, if he believes they may contain information —and there is no oath or anything like that— he may take away my books and disorganize and disturb my business, while I have no recourse. The question of returning these books arises only after the case has been disposed of. When a search warrant is issued the justice has certain powers in connection with stolen property or whatever may be seized, but that is not the case here.

May I ask the Minister of Justice just to look at this. Section 21, which we are now considering, converts this commissioner into a judge, with wider powers than are possessed by the judges of the county or the superior courts. It gives him power; and he has no legal training. The hon. member for Winnipeg North Centre misunderstood what I said about a mind untrained in law. I meant he had no appreciation as to whether this was or was not a legal matter; I was not dealing with the question of the effectiveness or the efficiency of his training, but merely with the fact that he was not the type of man who could be appointed a judge, so far as this statute is concerned. I put this to the minister: Look at the closing words of subsection 1 of section 21 and see what judicial powers are conferred upon this commissioner. In the first place we have him with the books; he has given notice and he has possession of them. Then listen to this. He may make use of the evidence so obtained and may otherwise exercise, for the enforcement of such orders or punishment for disobedience thereof, all powers that are exercised by any superior court in Canada for the enforcement of subpoenas to witnesses or punishment of disobedience thereof. Again I ask the Minister of Justice if he thinks he can justify that.

Mr. CAHAN: He should have at least ten years' experience practising at the bar.

Mr. BENNETT: That is what a judge must have. There is nothing more difficult than these questions of contempt and disobedience. I know some very sound lawyers who say, "I instruct my client to entirely disregard this, and I will go to the privy council on any question that may be raised." The result is that they usually manage to get out of the difficulty. But does my hon. friend from Selkirk think that a commissioner, with no qualifications in dealing with legal matters, should have conferred upon him the power of a judge of the superior court for the purposes of committal and the punishment of disobedience? Surely we have not reached that stage in this country. The question of the competency and compellability of witnesses is dealt with and then witness fees are provided for. We now have a court, not an investigating tribunal. I do direct the attention of the minister to subsection 4. This commissioner has power to issue commissions—

Mr. LAPOINTE (Quebec East): Of course under the Inquries Act our commissioners have those powers.

Mr. BENNETT: But not powers such as these.

Mr. LAPOINTE (Quebec East): To compel people to give evidence.

Mr. BENNETT: But I am not talking about the compellability of witnesses. Look at this section as it stands. Here you have an absolutely unskilled person issuing commissions, and there is no statutory provision as to his qualifications, as there is in some cases. For instance, we cannot appoint anyone to the bench who has not had ten years' legal experience.

Mr. ROGERS: That does not apply to any royal commission set up under the Inquiries Act.

Mr. BENNETT Certainly not, but one would not think of setting up a commission under the Inquiries Act to investigate the conduct of a judge, because there is a limitation imposed upon the kind of person who should make such investigation. Look at subsection 4. Anyone who has practised law and has applied to a judge for a commission to examine witnesses abroad realizes the techni-

cal questions that have to be considered as to why we should get the commission, the character of the evidence to be given, and so on. Such section 4 provides:

> The minister may issue commissions to take evidence in another country, and may make all proper orders for the purpose and for the return and use of the evidence so obtained.

That is the minister; that follows with respect to what has gone before. Then subsection 5 provides:

> Orders to witnesses and all other orders, process or proceedings, except such as are provided for in the last preceding subsection, shall be signed by the commissioner.

This country has power to appoint judges, but also it has imposed a limitation upon the kind of people it can appoint to the bench. That person must be a lawyer and he must have had a certain experience. As this reads now, however, we are conferring judicial powers upon a person who is without statutory qualifications. I wonder if that is a valid exercise of the federal power. Can we do that? He is a judge. The fact that a man is called a judge does not have anything to do with it, but the fact that he acts as a judge is all-important. Here he acts as a judge, discharging, as I think the Minister of Justice will agree, very difficult functions. I recall one particular commission in which I was engaged when I was younger, and I know the difficulties in connection with the whole question of obtaining a commission, the affidavits that have to be made and what has to be disclosed. Leaving that out, however, it provides that he shall have all the powers that are exercised by any superior court in Canada for the enforcement of subpoenas to witnesses or punishment for disobedience thereof. Surely that means a judge. Those of us who have followed with particularity that noted decision with respect to contempt will realize that to confer upon a commissioner of this type the power to deal with contempt is going a very long way. I think there was a case in Manitoba some years ago of some importance along that line. Contempt in the presence of the court is distinguished from contempt in not obeying a subpoena, and the punishment is sometimes a fine and sometimes imprisonment. Now we are conferring upon this person the right to punish for disobedience, which is a power to fine and to imprison.

As a matter of fact, Mr. Chairman, in no country in the world are they so particular about it as they are in England, where it is difficult to avoid a fine for non-attendance to a subpoena. There have been cases, of course, as legal members of the committee know, in which even more severe treatment has been meted out. But let us look at what we are asking parliament to do. Parliament is saying that Mr. A, without legal qualification as far as the statute is concerned, shall exercise the powers of a judge of the superior court and punish for disobedience, which is the highest judicial quality that a judge has to exercise. He has to have that untrammelled, unrestricted, and without any limitations further than those stated. I do suggest that the proper course is to say that in section 20 we will reenact the provisions of the criminal code with respect to search warrants. With respect to witnesses, non-attendance in giving evidence would be prejudicial to the case of the man affected. Then everything is presumed against him. But when we talk about punishment and the granting of a subpoena—under whose name will the subpoena be issued?

Mr. THORSON: It is called an order, is it not?

Mr. BENNETT: It has the same power as a subpoena. I think there is not a member of the committee who does not regard this as a usurpation of authority under a statute, placing judicial functions upon a non-judicial person.

Mr. ROGERS: I wonder if the leader of the opposition has placed side by side these provisions and those under the Inquiries Act, because there is no material difference between them.

Mr. BENNETT: Oh, yes.

Mr. ROGERS: We understand certainly that in connection with the appointment of commissioners under the Inquiries Act there is no requirement that a person so appointed shall be learned in the law.

Mr. BENNETT: No.

Mr. ROGERS: For some investigations it is desirable that we have a commissioner with legal training, but there are other investigations including, I submit, the type contemplated under this measure, which do not of necessity require legal training. Much has been said yesterday and to-day about the disadvantage under which a commissioner would labour if he did not possess wide legal knowledge. I am one who fully appreciates the advantages of legal training. On the other hand—

Mr. BENNETT: For a judge.

Mr. ROGERS: On the other hand, I also remember that Ramsay MacDonald once said that the most profound philosopher he had known was a shepherd in the highlands of

Scotland, and I myself heard Sir John Simon on one occasion say that even judges were prejudiced and that their greatest prejudice was the belief that they were entirely free from prejudice. I think there is some truth in that statement. What we require here is not necessarily a legal mind. What we do require in a commissioner is a judicial mind, and I submit it is possible to find judicial minds even among those who have not had the advantage of legal training.

Mr. BENNETT: Quite.

Mr. ROGERS: Now, if I might turn—

Mr. BENNETT: The minister's observations prove our case.

Mr. THORSON: But not judicial in the narrow sense of the term.

Mr. ROGERS: Not judicial in the narrow sense at all.

Mr. BENNETT: I am glad the hon. member for Selkirk rushed in with that observation, because that changes the purport of it.

Mr. ROGERS: I had hoped the leader of the opposition would draw the natural inference. Let me refer to section 4 of the Inquiries Act:

> The commissioners shall have the power of summoning before them any witnesses,—

And remember, this is not a commissioner with a legal training—at least, he may not be a judge or barrister.

Mr. BENNETT: But the minister knows the limitations the courts have imposed upon the Inquiries Act. Under that act one can deal only with such matters as the parliament of Canada might deal with. To that extent it is a creature of our own making, and its effect is negative.

Mr. ROGERS: In recent months we have carried out an inquiry under the Inquiries Act touching essentially the same kind of investigation as is contemplated under this bill.

Mr. CAHAN: Are you referring to the textiles commission?

Mr. ROGERS: I am referring to the coal inquiry.

Mr. BENNETT: That was an effort to investigate one man, and it cost between $25,000 and $30,000.

Mr. ROGERS: I think the amount is incorrect; it was $15,000.

Mr. BENNETT: But there is another item in addition.

Mr. ROGERS: I accept that statement; my right hon. friend is correct. To continue with section 4:

> The commissioners shall have the power of summoning before them any witnesses, and of requiring them to give evidence on oath, or on solemn affirmation if they are persons entitled to affirm in civil matters, and orally or in writing, and to produce such documents and things as the commissioners deem requisite to the full investigation of the matters into which they are appointed to examine.
>
> 5. The commissioners shall have the same power to enforce the attendance of witnesses and to compel them to give evidence as is vested in any court of record in civil cases.

It does not seem to me that there is a material distinction in the two cases.

Mr. BENNETT: Is there anything in the Inquiries Act about punishing for disobedience?

Mr. ROGERS: The bill says:

> . . . and may otherwise exercise for the enforcement of such orders or punishment for disobedience thereof, all powers that are exercised by any superior court in Canada.

Mr. BENNETT: I am talking about the Inquiries Act.

Mr. ROGERS: There is a difference as to that.

Mr. BENNETT: Yes, a great difference.

Mr. ROGERS: But with respect to the compulsory enforcement of attendance of witnesses, and compelling them to give evidence, there is no distinction.

Mr. CAHAN: Except that you are giving to the commissioner himself the right of search, in defiance of every principle of civil liberty. If the minister were to examine the recent enactments of Germany against the Jews he would not find any more arbitrary powers given to the German police than are given here to the commissioner. This is a purely nazi or fascist attempt to override civil liberty in this dominion.

Mr. THORSON: Surely the hon. member is not serious in making that statement.

Mr. CAHAN: I am speaking seriously. It is an attempt to override civil liberty in the dominion. As a matter of fact it is only the person who cannot afford to contest the extraordinary powers of the commissioner who will be affected. He will be affected by intimidation, and through not having the means to appeal to the courts. But the minister does not mean to assume that any company with the means to go to court could not prevent the exercise of such powers by the commissioner? As a matter of fact if the commissioner himself, without some clear means of identification, should force his way into my home or my office, and, in the protection of my home or office, my servant were

to inflict injury upon him, I think any jury in the land would say the servant was perfectly justified.

Mr. BENNETT: Because he has no document in his hand; the law says there must be a warrant.

Mr. CAHAN: Yes. I am not supposed to open my office to everyone who says, "I am commissioner so and so" or "I am constable so and so." I ask, "Where is your warrant?" and he has to show a judicial warrant authorized under the criminal code by a judge in his judicial discretion, before the person so authorized as a constable can forcibly enter my home or office. Otherwise if he gets a bullet through him he can have no complaint; the person who resists him is justified.

Mr. THORSON: How do the examiners under the income tax act operate when they wish to see the books or documents of a firm about which they are inquiring?

Mr. CAHAN: I am not going into the powers under the income tax act. Under this measure there are powers of seizure of private property, powers which are not contained in the Inquiries Act and were not in the old Combines Investigation Act.

Mr. THORSON: I should like to say a few words in support of what the minister said a few moments ago. I am entirely in agreement with the leader of the opposition in deprecating anything that is bureaucratic and arbitrary, but I do not agree with him in his criticism of the powers given the commissioner under the provisions of this bill. The Inquiries Act, which has for its purpose the institution of investigations into a great many matters, leaves the authority of the day free to appoint anyone as a royal commissioner. The royal commissioner under the Inquiries Act does not have to be a judge; he ought to be the person best qualified to pursue the particular inquiry that is contemplated. In some cases he may be a judge, in other cases he may be an economist, in still other cases he may be a business man, and we have even had members of parliament appointed as royal commissioners under the Inquiries Act. In many cases a person who is not a judge may be better qualified for the purpose of conducting inquiries such as are contemplated by the Combines Investigation Act, than a judge would be. The person appointed as commissioner under this statute ought to have the qualities of good sense and good judgment, and he ought to be a thorough-going investigator. If we appoint a man as commissioner under this statute who has had long experience of investigations and who has shown thoroughness and good judgment in the investigations which he has made, then I think we are better off than if the commissioner were a judge having no experience and being untried in investigations of this kind. If we are going to give the investigator the necessary powers to make the proper inquiries, then we must give him some authority: we must vest him with power to enforce obedience to his orders. This is the justification for giving him the powers set out in this bill. These powers have been in the statute since 1923.

With regard to the question of the issuance of a commission, it will be noted that the bill proposes an amendment to the effect that the minister may issue commissions to take evidence in another country. The previous legislation gave the commission power to issue commissions to take evidence in a foreign country. The Minister of Labour has at his disposal the advice of the Department of Justice and the law officers of the crown and I submit that with such assistance he may be trusted to see that adequate steps are taken for the proper conduct of a commission in a foreign country.

Mr. BENNETT: I just want to quote the authority for what I said a minute ago. It is:

> In executing a search warrant, the officer must have the warrant with him; it being expressly provided by the first paragraph of section 40, ante, that it is the duty of everyone executing any process or warrant to have it with him, and to produce it, if required.

Once more I direct the attention of the minister to the point which is raised. If this commissioner goes to the office of any person he has no warrant. The minister says that this statute is his warrant, but he has nothing that clothes him with the authority or power of a constable or a peace officer. If he is resisted, what is the authority for the exercise of this power? He has not any. That is that point. But another point is raised by the hon. member for Selkirk (Mr. Thorson). If a witness declines to give evidence, what happens? What is the commissioner going to do? According to the contention just advanced he is going to send him to gaol. Is that the theory of this jurisdiction now to be established?

Mr. LAPOINTE (Quebec East): No.

Mr. BENNETT: That is what happens.

Mr. LAPOINTE (Quebec East): We are not establishing it; it was the law in 1935, under the statute introduced by my right hon. friend.

Mr. BENNETT: The 1935 act was simply different in the general principle. I did not mean to put it that way. I am referring to the bill we are now considering. Possibly my views are extreme, but I cannot and never have been able to bring myself to the view that by passing a statute you can clothe an individual with the powers that are contemplated in this bill. The hon. gentleman knows that not only did I hold those views but that I followed them up with a very unpopular proceeding under the conscription act. I had a man released by the supreme court of Alberta and I was censured for having done so. However, I had the judgment of at least one man, Lord Shaw in the House of Lords, as to the necessity of preserving the right of liberty and civil freedom even in a time of great stress. I cannot say that this action brought about the best feeling in the community, but I held that view then and I hold it now. I think it is desperate to clothe this man with this authority. It is little short of an outrage to all our theory of government. If it were, as my hon. friend says, a mere investigation, one would understand it, but it is not that at all.

Mr. THORSON: I think my right hon. friend is exaggerating.

Mr. BENNETT: It ceases to be that. If we are going to do this thing, why not do it in accordance with recognized principles? We should see that when the commissioner believes such is the case he should go and make an affidavit, get his search warrant and have it executed. Imagine a commissioner with all the power of sending a man to gaol searching my office and getting my books. To-day he is going to seize my books, to-morrow he is going to pass judgment on me. He may say, "I do not like the way you are giving your evidence." He is going to have the power of committal for contempt because I do not obey him. All this in the same man. On the one hand he is the constable, and on the other he is the judge. He is his own peace officer and he is going to investigate questions of law under this act.

Mr. CAHAN: And his only qualification is that he has no legal experience.

Mr. BENNETT: That is the essential.

Mr. ROGERS: We have spent some little time on these sections, because they are closely related.

Mr. BENNETT: They are related, yes.

Mr. ROGERS: I can recall the early weeks of the year in which the combines act of 1935 was enacted when the leader of the opposition spoke most strongly in favour of vigorous legislation of this kind.

Mr. BENNETT: And I have said so here again.

Mr. ROGERS: And he has said so here again. Are we not entitled to assume that the expressions given in the Combines Act of 1935 represent the views of the leader of the opposition with regard to what constitutes a rigorous enforcement of the combines act?

Mr. BENNETT: No.

Mr. CAHAN: The enforcement of an act is a different thing.

Mr. ROGERS: I am afraid I am somewhat disconcerted by the statement of the leader of the opposition.

Mr. BENNETT: If the minister had followed what took place he would know that in the closing days of the session we said that we would reenact the provisions of the law and substitute "commissioner" for "commission."

Mr. ROGERS: Surely a government bringing down a bill of that kind must assume all responsibility for its provisions. We have to assume responsibility for the provisions of this act.

Mr. BENNETT: There is no doubt about that.

Mr. ROGERS: And this has been, with respect to the point brought out by the leader of the opposition, the reenactment of the provisions of 1935—

Mr. BENNETT: Oh, no.

Mr. ROGERS: —with respect to these particular matters.

Mr. BENNETT: Yes.

Mr. ROGERS: Let me quote—

Mr. BENNETT: There is no change in section 21.

Mr. ROGERS: As to giving a commissioner power in connection with punishment, and the enforcement of orders, it is precisely the same. I quote from the 1935 act:

> The commission may order that any person resident or present in Canada be examined upon oath before, or make production of books, papers, records or articles to, the commission or before or to any other person named. . . .

Then I come to the latter part:

> . . . and may otherwise exercise, for the enforcement of such orders or punishment for disobedience thereof, all powers that are exer-

cised by any superior court in Canada, for the enforcement of subpoenas to witnesses or punishment of disobedience thereof.

I cannot see any material difference.

Mr. BENNETT: There isn't—not the slightest.

The CHAIRMAN: Shall clause 21 carry?

Mr. BENNETT: No, but we will not waste further time about it—on division.

Section agreed to on division.

Section 22 agreed to.

On section 23—No witness excused from giving evidence on ground it may incriminate him.

Mr. THORSON: Perhaps, Mr. Chairman, you will call it one o'clock.

Mr. BENNETT: Is the hon. member going to speak on section 23?

Mr. THORSON: Yes.

Mr. BENNETT: Then I want to say something about it.

Section stands.

Progress reported.

At one o'clock the house took recess.

The house resumed at three o'clock.

TRANS-CANADA AIR LINES

ARRANGEMENT WITH CORPORATION RESPECTING LINES AND SERVICES FOR TRANSPORT OF PASSENGERS, GOODS AND MAILS

Hon. C. D. HOWE (Minister of Transport) moved the third reading of Bill No. 74, to establish a corporation to be known as Trans-Canada Air Lines.

Right Hon. R. B. BENNETT (Leader of the Opposition): I had hoped that possibly on consideration the government would provide that this enterprise should be owned entirely by the public, especially in view of the fact that the minister is providing that fifty-one per cent of it shall be owned by the Canadian National Railways. I suppose it is too late now to do more than reiterate that hope, but I would point out that notwithstanding the care that was taken last evening we did leave out one word. It was mentioned but it does not appear in the bill. I refer to section 6, "who is not a British subject continuously resident in Canada." The word "continuously" does not appear although it was mentioned last evening. Perhaps in another place it can be added.

Motion agreed to, and bill read the third time and passed.

DEPARTMENT OF TRANSPORT

PROVISION TO CONSOLIDATE STORES DEPOTS AND TO SIMPLIFY PURCHASING

Hon. C. D. HOWE (Minister of Transport) moved the second reading of Bill No. 88, respecting Department of Transport stores.

Mr. BENNETT: The minister might explain the bill.

Mr. HOWE: As I said on the first reading, this is to simplify the bookkeeping and handling of stores in the Department of Transport. We believe that inevitably it will reduce the inventory of stores which are now carried on the books as an asset of the dominion. The difficulty to-day is that there are some ten separate appropriations in the department, and stores under each appropriation must be carried as separate stock. The only means by which stores can be moved from one appropriation to another is by process of sale, which involves extensive bookkeeping. The result is, as I said, that we have sixty store depots from coast to coast, as many as three, and in one instance four, depots in the same city, and in these depots there are five or six separate compartments. Goods must be purchased and placed in one compartment and used in that compartment under the appropriation and cannot quickly be transferred to any other compartment where the same goods are required.

Our annual purchases of stores are about $3,000,000 and our stocks to-day are $1,500,000, which of course is an absurd figure. I have gone into the matter in an effort to have the stocks reduced and it has been explained to me that it is impossible to reduce them without legislation of this sort so that they may be combined for the various services.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—Department of Transport stores account.

Mr. BENNETT: Will the minister give the particulars showing what stores are involved?

Mr. HOWE: In the lighthouse service there are twenty boats equipped with the usual provisions and supplies. The lighthouses themselves are handled under a separate appropriation. We have the dominion steamers and the lighthouse service, and there again we have stores. In connection with the canals

there is a large amount of operating equipment and all the supplies required for repairs, including such items as cement and gravel, steel cable and materials of that sort. Then there are the aviation supplies, and the equipment which has been used in the past in landing fields. Some of it is obsolete but it is still carried in the stores at the purchase price. There are some ten appropriations all of which involve considerable stores. We have the radio telegraph branch, and there we have considerable stores of electrical equipment.

Mr. BENNETT: And the buoy service, I suppose.

Mr. HOWE: Yes. In connection with the aids to navigation service we have large supplies. In many cases the supplies are duplicated for the reason that they are bought under separate appropriations and cannot readily be transferred.

Mr. BENNETT: You are to arrive at some value of these stores, some of which are obsolete. I followed the minister's statement with care because I want to get an idea of the way in which he will state it in his books. The section provides that the minister:

> . . . shall not thereafter be required to maintain records with respect to the source of acquisition of the stores acquired prior to April first, 1937.

The minister will open a stores account for the first time and take over all these stores, some of which he tells us are obsolete. At what price will they be carried on the books?

Mr. HOWE: The bill provides that the Minister of Finance and the Minister of Transport shall agree upon an initial price. That is necessary because some of these stores go back fifty years though they are still carried at cost price. One of the first things to be done to facilitate the consolidation of the stores depots is to dispose of stock that is obsolete and useless, and that will be done to the best advantage. A value will be put on the stock as of the initial date and thereafter all transactions must be at cost.

Mr. BENNETT: Perhaps the minister has not looked at the section. It is because of the language used that I direct attention to it in his own interest. He is to take over the stores acquired by the various services comprised in the Department of Transport and may charge the value of such stores at cost. Obviously if he does that he is in a difficult position having regard to what follows. Contrary to his general conception of his duty, as evidenced by the Canadian National bill, he will be showing an asset at much more than its value. If the stores are twenty or thirty years old, and some of them even fifty years old, that would be a misleading method of accounting from the standpoint of the country, because they are to go into the consolidated balance sheet as an asset, and it would be unfair to the department to be charged with them at cost and unfair to the country to be credited with them as an asset on that basis. Does the minister see that?

Mr. HOWE: I think my right hon. friend will find it covered in paragraph 4.

Mr. BENNETT: That does not help. That is for the advances. This is the only section I can see that touches the point I have in mind. The minister will find it is unfair to his department and it is unfair to the country to credit as an asset, at cost, stores that are thirty, forty or fifty years old, when setting up an account for the first time as of April 1, 1937. I think what the minister intended to do was to have a cut-off as of April 1, 1937, have the value of these stores fixed by some method, credit that value as an asset and charge his department with it. Thereafter the account is charged for such advances as he receives and credited with the goods requisitioned from time to time, depleting the goods on hand. I gather that that is the intent of the bill.

Mr. HOWE: Quite. I would point to section 3:

> As and when an inventory of the stores stocks on hand as at April 1, 1937, is determined by the Department of Transport and approved by the comptroller of the treasury, the value of same may be credited in public accounts to consolidated revenue fund and a corresponding asset account may be established.

Mr. BENNETT: I hope the minister still sees his difficulty; "the value of same may be credited," and the value is the cost. The bill contemplates a cut-off as of April 1, 1937. On that date an inventory is made of all the stores the minister has in his department. They are then to be credited as a national asset and the department is to be charged with them. The second section states that they shall be valued at cost. My point is that it is unfair to the country to value them at cost, and it is unfair to the department to charge it with something that will be a continuing sore as long as it is there, because obviously the cost is not the value. I cannot do more than direct attention to the point.

Mr. HOWE: I think the difficulty is that these are now carried as an asset at book value. This bill was worked out over quite a period with the comptroller of the treasury, who was anxious to have the accounts consolidated. Perhaps at the next session we may come back and write it down, if that proves to be necessary. I think the first thing is to permit the consolidation of the account.

Mr. BENNETT: It will be an incorrect account, but nothing new from last year.

Section agreed to.

Sections 3 to 7 inclusive agreed to.

On section 8—Stores accounting limited to actual purchase cost and transportation charges.

Mr. BENNETT: We are rushing this rather fast. The advance of a million dollars as provided by section 5 requires some explanation. We have had many conflicts in this house as to the advance of $700,000 to the Department of Public Printing and Stationery. It was a larger sum; we reduced it to that amount and have kept it there. I say to the minister in the light of experience that there is nothing more inviting to permanent officials than the possibility of having an advance of great proportions. The ease and facility with which they begin to buy supplies is known to everyone who has had to do with the department. If the minister can keep that item below $1,000,000 I think he should do so.

Mr. HOWE: To-day the stocks are one and a half million. It will be my aim to see that at the end of the year there are no surplus stocks. Whether that is possible I do not know, but it was put at a million as a figure that will probably be necessary for a turnover of $3,000,000 of supplies.

Mr. BENNETT: The difficulty is that section 6 says it "shall not" exceed. That is a peremptory statement to put in a statute, that the minister's inventory must be reduced to what it was at the beginning of this year.

Mr. HOWE: I think it is far too large.

Mr. BENNETT: But if in the course of business you do not find it possible to reduce it, you are confronted with a statute which says you shall do it.

Mr. HOWE: We are going to insist that no new purchases shall be made as long as we have anything in our total inventory suitable for the purpose. This consolidation will allow us to ship goods from our present stores to any part of the country where they are required.

Mr. DUNNING: I am hoping that the minister will get it to even lower figures. I think he should be able to do so, having regard to the diverse nature of the present stores.

Mr. BENNETT: Quite so, but it works both ways. The fact that they have to be scattered over the whole of Canada makes the aggregate necessarily quite large.

Mr. DUNNING: Five stores in the same town.

Sir GEORGE PERLEY: I should like to ask a question regarding clause 4. I see the Minister of Finance is to advance the amounts required by the Minister of Transport from time to time. I presume that applies to this year only. After that I take it the amounts will be in the estimates granted to the department.

Mr. DUNNING: It is the same principle as the king's printer's advance.

Mr. HOWE: The $1,000,000 is a revolving fund. It is intended to purchase all supplies for stores, and then, as they go out they will be charged to the appropriation and the money will be applied from the appropriation to restore the $1,000,000 fund.

Mr. BENNETT: But it will have to be by appropriation.

Sir GEORGE PERLEY: Section 4 provides:

> The Minister of Finance may from time to time authorize the advance to the Minister of Transport out of the Consolidated Revenue Fund of Canada of such sums of money as the Minister of Transport may require. . . .

I take it that means for this year only, and for subsequent years the amounts will be in the estimates.

Mr. DUNNING: No.

Sir GEORGE PERLEY: Why not?

Mr. DUNNING: Not for this purpose, any more than for the king's printer's advance. The amounts represented by what is taken out of the king's printer's advance are voted for the various services which in turn purchase from the king's printer. The amounts are voted, but not in the form of an advance. The advance is set up by statute, as in this case, and the amounts needed for the various stores will be in the individual appropriations asked for by the minister from year to year, but they will be supplied out of this revolving fund.

Sir GEORGE PERLEY: There will have to be subsequent amounts every year. We now vote them, I understand, for the different branches of the Department of Transport.

Mr. DUNNING: And will continue to do so.

Sir GEORGE PERLEY: But section 4 would authorize the Minister of Finance always, without appropriation, to make advances from the consolidated revenue fund whenever it is required to buy stores.

Mr. DUNNING: No, to maintain $1,000,000 worth only.

Sir GEORGE PERLEY: It does not say so.

Mr. DUNNING: The way the matter will work is precisely the same as in the case of the king's printer's advance. That is to say, each year each branch of the Department of Transport will have in its vote what it requires for stores, but when it comes to purchasing them it will have to purchase from stores account, so it will be charged to the appropriation account of the department and credited to the stores account. The Minister of Finance is authorized to keep these stores up to $1,000,000 but no greater amount.

Mr. BENNETT: To provide a working capital of $1,000,000.

Mr. DUNNING: A working capital of $1,000,000.

Section agreed to.

Preamble agreed to.

Bill reported, read the third time and passed.

CANADA-URUGUAY TRADE AGREEMENT

Hon. W. D. EULER (Minister of Trade and Commerce) moved the second reading of Bill No. 86, respecting a certain trade agreement between Canada and Uruguay.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—Trade agreement approved.

Mr. BENNETT: Perhaps the minister will give us the particulars as to what benefits accrue to Canada and what is the most favoured nation treatment given to Uruguay.

Mr. EULER: Perhaps I may be permitted to make a brief statement as to the purposes and implications of the agreement.

This bill is the ratification of a trade agreement signed in August of last year between Canada and Uruguay. It is for a term of three years, and unless six months' notice is given before the termination of the three-year period it will continue in force until six months' notice is given some time thereafter. The agreement provides for mutual most favoured nation treatment with respect to tariffs which, by the way, are of no benefit to Canada, as I shall explain. It also provides that there shall be no discrimination so far as the application of exchange control or the imposition of quotas are concerned. Preferences to other parts of the empire are excluded from the operation of the agreement, together with any preferences that may be given by Uruguay to neighbouring countries such as Bolivia, Brazil, Paraguay and Argentina.

The trade with Uruguay is quite small. Canada's sales in the year ending March 31, 1936, were $368,000, while our purchases from that country amounted to $206,000. Our chief exports are both free and dutiable. The important free exports are newsprint and farm implements, though from the latter should be excepted plows. Our dutiable exports are rubber boots and shoes, tires and tubes, automobiles and sewing machines, together with some other small items. The benefits that will accrue to Canada are not, as I intimated previously, by way of tariff concessions, but this agreement accomplishes the removal of what I may call a potential menace so far as our treatment by Uruguay is concerned.

Mr. WOODSWORTH: Would the minister say what are our chief imports?

Mr. EULER: I shall give those in a moment. A few years ago the parliament of Uruguay empowered the government of that country to impose a fifty per cent increase in duty on the countries which did not accord her most favoured nation treatment. That has never been applied against Canada, though it has been applied against some other countries and there was always the possibility that it might be applied to Canada. By this agreement that menace is removed. Uruguay has also agreed not to discriminate against Canada in the application or allocation of exchange control and, as I mentioned previously, she will not discriminate against us as far as quotas are concerned. That is, we are to receive treatment relatively equal to that accorded any other country.

The benefits that accrue to Uruguay are that she obtains most favoured nation treatment, as far as our tariff is concerned. After the provisional agreement was signed last August she immediately obtained the benefits of our intermediate tariff. By granting her most favoured nation treatment she gets in addition any benefits that may accrue by reason of the trade agreements that have been made with the United States, France and Poland. She sells to us more particularly canned meats, on which we have reduced the

duty from 35 per cent to 30 per cent; wool, on which the duty has been reduced from 15 cents to 10 cents per pound; lard and lard compounds, on which the duty has been reduced from 2 cents to 1¾ cents per pound, and hides and skins, which continue on the free list. Flax seed, bearing a rate of 10 per cent under both the intermediate and general tariff, is not reduced under this agreement.

To sum it up, Uruguay is granted the same rates under the most favoured nation arrangement as are given to other countries which are her competitors.

Mr. BENNETT: Has there been any visible effect upon our trade?

Mr. EULER: Very little. I may say to my right hon. friend that I really have not had an opportunity to look into that.

Section agreed to.

Sections 3 and 4 agreed to.

On the schedule.

Mr. BENNETT: From the little investigation I have been able to make—I am bound to say it was very slight; I just looked up the figures the other evening—the real truth about it is that the agreement does away with a potentiality rather than bringing about any present benefit, and the minister has been very frank about it.

Mr. EULER: That is quite true.

Mr. BENNETT: There is no doubt about the fact that at the moment Uruguay purchases from us a small quantity of goods, only some $350,000 worth, and our access to the markets of that country will be no easier after this measure passes than it was before. But Uruguay took the right, as several other countries in South America did, to impose upon us what was practically a surtax because she did not enjoy most favoured nation treatment. Now, having been accorded that treatment, she has freed us from the possibility of such a surtax being imposed.

Mr. EULER: Yes, and in addition she will give us equal treatment with other countries as far as exchange and quotas are concerned.

Mr. BENNETT: I notice that, but it is reciprocal; we say we will do the same for her also.

Mr. EULER: We have no exchange control.

Mr. BENNETT: With respect to exchange and quotas.

Mr. EULER: We have no quotas either.

[Mr. Euler.]

Mr. BENNETT: No, but we might have. It is all based upon that. The other phase of it is that at the lowest tariff enjoyed by any country of the world trading with Canada will be enjoyed by Uruguay. That is a short way of putting it, is it not?

Mr. EULER: Excepting from the British Empire.

Mr. BENNETT: Yes, with the exception of the British Empire.

Schedule agreed to.

Bill reported, read the third time and passed.

BUSINESS PROFITS WAR TAX ACT

Hon. CHARLES A. DUNNING (Minister of Finance) moved the second reading of Bill No. 85, to revive and amend the Business Profits War Tax Act, 1916.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Act revived. Administration validated.

Sir GEORGE PERLEY: Will the minister explain the bill?

Mr. DUNNING: The Minister of National Revenue explained it when the resolution was introduced, and the explanation is on record.

Section agreed to.

On section 2—Certain provisions repealed.

Mr. CAHAN: That does not preclude an explanation at the present time.

Mr. ILSLEY: I gave a long explanation when the resolution was moved, and that explanation appears in Hansard. It is exhaustive and elaborate, but I could make it again.

Sir GEORGE PERLEY: Briefly.

Mr. ILSLEY: The bill is to revive the Business Profits War Tax Act, 1916, so far as taxes are concerned which are exigible for the period between 1915 and 1920, to which period the Business Profits War Tax Act applies. The necessity for the bill arises from the fact that the measure appears in a schedule of acts which are described as "spent," in the revised statutes of 1927. I think it is admitted that it was not intended to relieve any taxpayers from taxes which fell due during the period between 1915 and 1920. It is questionable whether the inclusion of this act in the list of "spent" acts does effect a repeal. There is a difference of legal opinion upon

the point, but to put the matter beyond doubt the act is now revived. The remaining clauses of the bill have to do with procedure on appeals.

Section agreed to.

Sections 3 and 4 agreed to.

Bill reported, read the third time and passed.

CUSTOMS ACT AMENDMENT

VALUES FOR DUTY PURPOSES—DRAWBACKS IN RESPECT OF CONSUMABLE MATERIALS AND EXPORTED GOODS

Hon. J. L. ILSLEY (Minister of National Revenue) moved the second reading of Bill No. 84, to amend the Customs Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Governor in Council may order that import, excise and other duties and taxes be disregarded.

Mr. CAHAN: What is the explanation of this?

Mr. ILSLEY: There are certain countries which are imposing very heavy import taxes for revenue or other purposes. Chiefly, I believe, they are for revenue purposes. As the act stands at present the value for duty of goods imported from those countries must include these import duties or taxes, no matter how heavy or abnormal they may be. It is deemed unfair that such should be the case in all instances.

Sir GEORGE PERLEY: Unfair to whom?

Mr. ILSLEY: Unfair to the importers in this country. It prevents importation. The charges would be very much like the processing taxes of the United States, although they were domestic, rather than import taxes. The values of certain goods are greatly enhanced by the imposition of processing taxes in the United States. Therefore in arriving at values for duty purposes those taxes were left out of account. That is the law as it stands to-day. Those taxes are included under the heading of excise and other taxes.

I have not the Customs Act before me at the present time, but it was found that there are certain countries which import articles and, for purposes of revenue, impose very heavy duties. If they attempted to export those articles to Canada they would find it impossible to do so if we in valuing those articles for duty purposes included these very heavy import duties. This bill gives the governor in council power, whenever it is deemed expedient so to do, to order that these import duties and taxes, in whole or in part, shall be disregarded in estimating the value for duty of goods of any kind imported into Canada from any specified country. It is not intended to disregard import duties generally, because that would be at variance with our whole system of valuation for duty purposes, but it is desired to take the power in special cases to deal with the situation. Otherwise trade with certain countries would be at a standstill.

Sir GEORGE PERLEY: How do those countries treat Canada in similar circumstances? Do they make the same allowance to us?

Mr. ILSLEY: I do not think Canada has any duties of the type I have in mind. But, answering the question specifically, most countries of the world value goods on a c.i.f. rather than an f.o.b. basis. There are only four or five countries which follow our system of using as the value for duty purposes the home market price of the goods in the country of origin. Most countries take the actual cost of the goods landed in the country of importation, including the freight, upon which to base their duty. If that were the case, then this point would not arise. For instance, a country using the c.i.f. basis of valuation can quote just as large a figure as it likes, and that price plus the freight to destination is used as the basis for duty. Under this provision we would have to take the home market price if for certain reasons a country had an abnormal import duty which enhanced the domestic price of the goods to a point where it was perhaps doubled or trebled. As the law stands at the present time that country could not export to Canada because we would have to take as our value for duty purposes this very high value.

Mr. BENNETT: The answer is: let them reduce their import duty.

Mr. DUNNING: It might be an internal tax.

Mr. BENNETT: That is another thing.

Sir GEORGE PERLEY: If we import material and manufacture and ship it out to another country, the value of our goods would include the import duty on the material so imported?

Mr. ILSLEY: No. We give a drawback.

Sir GEORGE PERLEY: This section leaves it to the option of the minister. I am not speaking personally, but whatever minister happens to be in office could do that.

Mr. ILSLEY: The governor in council.

Sir GEORGE PERLEY: It is left to his discretion to recommend to the governor in council that these import duties shall not be considered. In other words, in one case he may recommend that the import duties be considered, and in another case he may arrive at a reverse decision.

Mr. ILSLEY: That is so, and it casts a heavy responsibility both upon the minister and the governor in council. I think it is just as necessary to have this section as it is to have the section which enables us to disregard domestic taxes, which we have had for some years.

Mr. BENNETT: The effect of this is that if I receive an invoice from country A for $100 and the duty is twenty-five per cent, the excise three per cent and the sales tax eight per cent, for the purposes of value I shall not take the import duties imposed by that country or the excise taxes?

Mr. ILSLEY: No.

Mr. BENNETT: That is what it says. In other words, if we did that we would be legislating in our own jurisdiction. If we legislate in the way suggested we would be legislating for some other country. The section reads:

> The governor in council, whenever it is deemed expedient to do so, may order that import, excise and other duties and taxes, in whole or in part, shall be disregarded in estimating the value for duty of goods of any kind imported into Canada from any specified country.

As the section reads, that is our import taxes, our excise taxes and other duties. When I come into Halifax and hand them an invoice of goods I purchased while I was out of the country, they assess the duty. Then they assess the excise tax and the sales tax on the value for duty, being the cost of the goods plus the duty. This section provides that we may order that the import, excise and other duties and taxes, in whole or in part, shall be disregarded in estimating the value for duty of goods of any kind imported into Canada. Whose business is it? If a country wants to run its business in one way, why should we conduct our business in another? If country A desires to run its business in that way, why should we accommodate ourselves to their method of doing business? What country have we in mind?

Mr. ILSLEY: The Netherlands.

Mr. BENNETT: The Netherlands is one of the richest countries in the world. If they want to put on import duties which make it impossible to sell their goods in this country, why should we encourage them to sell in this country at our expense?

Mr. ILSLEY: It is not a fair value for duty purposes.

Mr. BENNETT: It is the duty we apply to other countries. If they want to fix up their tariffs in such a way and put on such taxes as to make it impossible for us to buy their goods, why should we so adjust our regulations as to give them the same chance as other countries? What do we get by that?

Mr. ILSLEY: We sell them a lot of goods.

Mr. BENNETT: On what basis?

Mr. ILSLEY: On a c.i.f. basis.

Mr. BENNETT: What do you mean by c.i.f.?

Mr. ILSLEY: We can sell as low as we like to them.

Mr. BENNETT: No, we cannot.

Mr. DUNNING: There is no country of origin.

Mr. BENNETT: We sell our goods on the invoice price and we pay a duty on the invoice cost. Unless the Netherlands have changed, they used to have a provision by which a value could be fixed by the arbitrary act of their customs officials. It is difficult to understand why Canada should pass a statute to enable a foreign country to sell its goods more readily in this country by our disregarding the general principles which have governed. We are saying that we will take off all their internal taxes for the purpose of ascertaining the value of their goods. We are saying that the import, excise and other duties and taxes, in whole or in part, shall be disregarded. In other words, the Canadian will be able to buy these goods at thirty or forty per cent less than the price paid by the citizen of the Netherlands. This is done in order that the manufacturer in the Netherlands may more readily sell his goods in this country. That is very much at variance with the so often declared political economy of the minister. It is very much at variance with his ideas with respect to the freedom of trade.

Mr. ILSLEY: Some things I do may be, but this is not.

Mr. BENNETT: The poor Netherlands consumer must pay whatever they see fit to charge him in order that the Canadian consumer may get his goods a little cheaper.

Mr. ILSLEY: I admit that I have not had the Netherlands consumer in mind in framing this legislation. The objections raised by the

right hon. leader of the opposition could have been raised with equal force against his own legislation of 1934 with respect to the United States processing taxes. He might very well have said then "we cannot import these goods with these high taxes, but we have no power to disregard them."

Mr. BENNETT: I am simply pointing out the inconsistency of the action of the government. I have succeeded in getting the government to come to the defence of the very action which we took ourselves, and I am content. I have listened all through this session up to to-day to a continuous approval of what was done in the five years from 1930 to 1935. At that time the opposition opposed this action hour after hour and day after day.

Mr. ILSLEY: We never opposed that one.

Mr. BENNETT: Now I have it in black and white.

Mr. LAPOINTE (Quebec East): My right hon. friend must be proud of it.

Mr. BENNETT: I am.

Mr. ILSLEY: We certainly never opposed that section.

Mr. BENNETT: Oh, yes.

Mr. CAHAN: This section states that the governor in council, whenever it is deemed expedient to do so, may order that import, excise and other duties and taxes, in whole or in part, shall be disregarded. The reference is to import, excise and other duties and taxes of the foreign country from which goods are imported. That is clear.

Mr. ILSLEY: Yes.

Mr. CAHAN: It is not with respect to import, excise and other duties in Canada.

Mr. ILSLEY: No.

Mr. CAHAN: Then if it is the import, excise and other duties and taxes of any foreign country that shall be disregarded, why not say so?

Mr. ILSLEY: The answer to that is that it cannot be read in any other way.

Mr. CAHAN: Oh well, I think so.

Mr. ILSLEY: No. It would be meaningless to say that the import, excise or other duties and taxes imposed by the Canadian government shall be disregarded in estimating the value for duty of goods imported into Canada. You could not possibly take into account the import taxes on goods coming into Canada in estimating the value for duty of goods coming into Canada, therefore it must be clear to anyone reading the section that it means the import taxes of another country.

Mr. CAHAN: Why leave it to implication when the insertion of the word "foreign" will make it so clear that there can be no other meaning?

Mr. ILSLEY: Well, there has never been any difficulty about section 36A of the Customs Act, which reads as follows:

> The governor in council, whenever it is deemed expedient to do so, may order that excise duties and excise taxes in whole or in part shall be disregarded in estimating the value for duty of goods of any kind imported into Canada from any specified country and may vary or rescind such order.

All we have done is to add the word "import."

Mr. BENNETT: Which, I think, is a serious thing to do. What is involved in the Netherlands case in the way of import taxes?

Mr. ILSLEY: Principally rice.

Mr. BENNETT: No, I mean the rate.

Mr. ILSLEY: I am sorry I have not the rate, but it is an abnormally high rate, away out of line with the ordinary import duties. It is what they call a monopoly tax.

Section agreed to.

Section 2 agreed to.

On section 3—Certain values for duty deemed lawfully fixed.

Mr. SPENCE: I am utterly opposed to so much power being given, ostensibly to the minister, as is proposed to be conferred by this bill. I am speaking with reference to importations of food, which are the products in which I am most interested. If this power were to be exercised by the minister I would think nothing about it, but it is given to the appraiser at the port, and if the appraiser is arbitrary-minded he can make a lot of trouble. I understand that these officials are intended to serve the convenience of business men, not to trouble and harass them. These actions appear to me to be illegal and now you are trying to make them legal through this house. Time after time cases have arisen where values which were arbitrary have been put on goods by appraisers, and the trade were forced to pay, under protest, those extra duties. If a car of strawberries or some other perishable goods comes in in the morning, and your business starts at seven o'clock, your deposit is made at the customs house, the

men at the port will open the car for you, and you go ahead and pay the duty and do business. Before ten o'clock, when the customs opens, you have the contents of your car partly sold, and then a dispute may arise which forces you to pay extra duty when you should not do so. I know of a case at Toronto where some imported product, I think it was lettuce, was bought f.o.b. at $1.50, and the appraiser, by arbitrarily putting on it a value of $2.00, forced the importer to pay an extra thirty per cent duty, equal to fifteen cents per half dollar. Things like that are happening all the time, and I do not think it is right for the government so to harass and worry people in trade, because goodness knows they have enough other matters to worry them. Things are getting to such a pass that a business man can spend half his time fighting regulations and changes in regulations under the customs law, and I hope the minister will give these people some consideration. A number of men in the trade in Toronto, and probably others in Montreal and Ottawa, have coming to them, legally, a certain amount in rebates, and one purpose of this bill is to deprive them of what is coming to them. It is absolutely unfair thus to make legal an illegal act. I have always upheld the dignity of this house, whether the government in power was Conservative or Liberal, but by doing things like this we are resorting to the kind of tactics one sees in the Ontario house. I ask the minister not to do something which will harass the trade and steal out of their pockets what they are entitled to get in the way of rebates. That is what the whole thing means, and one might as well say so plainly.

Mr. ILSLEY: I think this section requires some explanation. The hon. member for Parkdale (Mr. Spence) has brought the matter forcibly to the attention of the committee. Certain practices were resorted to by the ministers, commissioners and assistant commissioners of customs in 1931 and 1932 and the following years to which importers took objection, and there has been some protest against the manner in which fruits and vegetables were valued for duty purposes.

Mr. BENNETT: Perhaps the minister would state the details of it, because I think it would be well to have it on Hansard.

Mr. ILSLEY: I may say that two petitions of right have been—

Mr. BENNETT: I do not mean that; I mean as to how the values for duty are fixed.

[Mr. Spence.]

Mr. ILSLEY: Shortly before Great Britain went off the gold standard our currency was at a discount as compared with United States currency, and certain values for duty purposes of fruits and vegetables were fixed under section 43. The commissioner of customs of that time interpreted the order of the minister as fixing the values in United States rather than in Canadian currency, and gave directions accordingly to the collectors. The result was that more dumping duty was collected than would have been collected had the orders of the minister been interpreted as referring to Canadian currency, and the amounts of duty that were calculated on that basis were taken in the period between November, 1931, and May or June, 1932. Those dumping duties are the basis of a petition of right which was filed in 1936. A fiat has been granted and the case is pending in the exchequer court at the present time. That is one irregularity which is complained of by a certain number of exporters. Certain other irregularities or alleged irregularities in the imposition of these dumping duties are complained of. They are these:—

1. That valuations were fixed without authorization by the governor in council, the contention being that once a value has been fixed the authority is exhausted.

Mr. BENNETT: As a matter of fact there was an order in council that authorized the minister to fix, the contention being that that applied only to a single case.

Mr. ILSLEY: That is the contention of the importers, and refund claims have been presented to the department based upon that alleged illegality or irregularity.

2. That the orders in council authorizing the fixation of values were not published in the Canada Gazette, as required by statute. My information is that the department was late in publishing a few of the orders, but that all of them were actually published.

3. That the values fixed were not published in the Canada Gazette as required by statute; that is, within the time required by statute.

4. That no authority existed for a ruling to the effect that the values were fixed in terms of the currency of the country of export.

5. That the fixing of values at an advance on the invoice value does not constitute a fixation as contemplated by section 43 of the customs act. Section 43 authorizes the fixing of values, and the Department of National Revenue fixed these values by a certain method, that is, an advance on the invoice

value whatever that invoice value might be; and it is now contended that that is not a compliance with the section in that it is not authorized by the section.

6. That no authority exists for the inclusion of the weight of the container in computing values fixed under section 43 of the Customs Act.

The order related only to the weight of the goods; the weight of the container could not be included.

7. That no authority exists for computing fixed values on railway billing weights.

The department took the railway billing weights instead of weighing the packages themselves.

Mr. BENNETT: And that, of course, included the packages?

Mr. ILSLEY: Yes.

8. That certain valuations which were stated to be applicable "all year" should have been interpreted to mean until the end of the calendar year, rather than all year around as interpreted by the department.

There is a difference of opinion as to the meaning of the language. The department used the term "all year" as distinguished from a certain number of months only. It regarded the words "all year" as meaning the whole year and every year.

Mr. BENNETT: As warranting a continuing operation of the statute.

Mr. ILSLEY: Yes. Then:

9. That certain bulletins setting forth fixed valuations failed to exempt shipments purchased and in transit to Canada at the time the bulletins were issued, which practice had been followed on other occasions.

That is alleged in one of the petitions of right but manifestly it is not a ground for the return of any duties. It is a mere allegation of discrimination, an allegation that certain importers were treated differently from others.

These are the grounds that are set out and many of them are quite technical. The point I wish to bring to the attention of the committee is this. The importers knew at a very early stage what view the department took of the meaning of these orders in council and of the orders the minister made under the orders in council, and governed themselves accordingly. Knowing the practice of the department and the view it took of what the proper practice was, nevertheless the importers placed their orders for a period of years—it has been five or six years—and paid the dumping duties required by the department.

Mr. BENNETT: And passed them on to the consumer.

Mr. ILSLEY: Yes. Recently certain enterprising persons have been promoting the filing of claims with the Department of National Revenue. Claims amounting to over $600,000 have already been filed, and I am advised by my officers that the likelihood is that with respect to fruits and vegetables alone the claims against the department will run to $2,000,000 or more.

The ground for these claims, as stated by the hon. member who has spoken, is that when a man pays duties illegally he is entitled to a return of them—on grounds of equity and fairness. Such is not the case here because the persons who have actually paid the duties will not get them back; the people who will benefit are the promoters of claims and others who are having a large number of claims filed with the department—we have a stack of them already. It means that the treasury will lose two or three million dollars, and the persons who paid enhanced prices for goods as a result of the dumping duty will get no benefit whatever.

On this account I submit that parliament should ratify the imposition of these duties. In my opinion that is the fair thing to do in all the circumstances. I do not agree that this is confiscatory legislation or legislation of that type. It is more in the class of legislation which in Nova Scotia is passed every year for the ratification of assessments. I understand also that in Ontario years ago, though perhaps not now, legislation was passed every year ratifying tax sales.

The administration of these sections is a difficult matter at best. The Department of Justice was consulted from time to time, as were the departmental solicitors. It may be that when the sections and the numerous bulletins are examined with a microscope some legal ground may be found for the return of these duties; I do not know. Two petitions of right have already been filed and they are exempted because we do not think we should issue a fiat to enable petitioners to go into court and then legislate them out of court. But for those who have not filed a petition of right I submit that the action of the department should be ratified.

Mr. BENNETT. Am I right in assuming that the practice that prevailed up to 1935 has been continued, namely, that the prices of vegetables and fruit and that sort of thing, as fixed under section 43, have been continued until this day under the authority of some order in council?

Mr. ILSLEY: Yes, under the same order in council.

Mr. BENNETT: So that it affects not only the operation of the statute under the late administration but also the continued operation since under the same order in council.

Mr. ILSLEY: Yes. Some of the practices complained of were peculiar to the last administration—the one in regard to currency, for example. Some of them are not; they are going on at the present time.

Mr. LOCKHART: With regard to duties paid on shipments in the last two or three years, was any protest lodged with the department to any extent at the time they were paid?

Mr. ILSLEY: No, not to any extent.

Mr. LOCKHART: I was informed that they had been paid under protest.

Mr. ILSLEY: Not to any extent. The odd situation might have arisen which brought forth a protest, but as a general rule they have been paid without protest since I have been minister.

Mr. PLAXTON: I want to lodge a protest against this particular section and I cannot state it more succinctly than by reading a telegram I have received from the Toronto Wholesale Fruit and Produce Merchants' Association. With the indulgence of the committee I should like to put it on record:

All members this association comprising twenty-three firms importing annually over twelve thousand cars fresh fruits and vegetables respectfully protest type of legislation placed before house Thursday to retroactively amend section forty-three of Customs Act thus usurping functions of exchequer court where this matter is at present being handled on case of McCart v. the King and the case of Ontario Produce Co. Ltd. v. the King. We suggest this type of legislation dangerous unconstitutional and unnecessary which bars the rights of citizens to recover through the courts for moneys illegally collected and retained by Department National Revenue. Please advise.

Mr. ILSLEY: Do you mind telling me who the traffic manager is?

Mr. PLAXTON: I do not know the officers of the association.

Mr. BETTS: I protest against this legislation on the strength of the minister's own statement. He tells us there is an accumulation of claims, and frankly I do not see that he is in a position to prejudge them. He says that these claims, if recovered, will not inure to the benefit of the people who paid the tax. Even if that is true in regard to some claims I do not see how he can make that general statement positively of all the claims. One thing is manifest: there is machinery whereby these claims can be adjudicated upon by the courts, and any further legislation that steps in and deprives the courts of their functions is extremely undesirable. We have seen in Ontario recently an example of the powers of the courts being usurped, with very unhappy results, and we should steer clear of that sort of thing in this forum. I wish to put on the record, in the form of a telegram, a protest which I have received:

As president of the Canadian Fruit and Vegetable Jobbers Association of Canada I humbly protest the type of legislation introduced by the hon. Minister of National Revenue in yesterday's bill wherein he proposes to bar all claims by act of parliament also to amend section 43 Customs Act and to have parliament retroactively validate and confirm all values for duty previously fixed. I question if this is constitutional and consider this a dangerous type of legislation. I beg you to vigorously oppose this bill which usurps the functions of the supreme court.

J. H. Langford.

Section agreed to.

Sections 4 to 7 inclusive agreed to.

On section 8—Regulations. Drawback on duty-paid goods exported.

Mr. BENNETT: Section 8 raises a very old question, about which many views are expressed from time to time. This is a new section, which gives to the governor in council authority, under regulations made by him, to—

(a) allow, on the exportation of goods which have been imported into Canada and on which a duty of customs has been paid, a drawback equal to the duty so paid. . . .

And the other subsection applies although the materials are manufactured into goods in Canada. Many discussions have taken place in this house on this whole question of drawbacks. It has been argued that we have gone too far. When an application is made for information as to what drawbacks have been paid we are told it is not desirable to let the business of those who receive the drawbacks become known. I confess that I have had grave doubts whether we have not carried that too far. I do know that successive ministers of finance have endeavoured to reduce this drawback item to a minimum. I think the limitation should be placed in the statute at the top of page 4, and not in the regulation. I know we are bound to have these drawbacks as long as we are an exporting country importing raw material on which duty is paid. But I do think—and not to-day for the first time have I suggested

it—that there should be a statutory limitation of the time within which these drawbacks may be claimed. I dare say the minister knows that on more than one occasion difficulty was experienced in checking claims for drawbacks. It is disconcerting to the accountants. The validity of the claims was not in question but checking them became extremely difficult. By placing in the statute a limitation on the time within which application could be made we should be doing a service not only to the country but also to those who are claiming drawbacks.

Mr. DUNNING: It would certainly be a service to the treasury.

Mr. BENNETT: During my time I saw one claim that came in not months but years after, and when pressed as to why it was not made sooner the reply was, "Oh well, we are very busy," and that sort of thing. Nobody knows better than the minister that such claims are extremely difficult to check. I should like to see the time limited to six months, though perhaps six months is too short.

Mr. DUNNING: In some lines it is too short.

Mr. ILSLEY: The suggestion is that it be put in the statute?

Mr. BENNETT: At the top of page 4. Say "the period within which such drawback may be allowed shall be limited to one year," if the minister thinks six months is too short.

Mr. ILSLEY: There is a good deal of merit in the suggestion. It is the intention, however, to review the whole Customs Act during the next twelve months and see whether we cannot revise and consolidate it; we are making plans for that now.

Mr. BENNETT: Perhaps Mr. Tanton will be cared for by that time.

Mr. ILSLEY: The suggestion can be considered in the revision of the act. I think that would be preferable to carrying the limitation right now.

Sir GEORGE PERLEY: If there is no doubt that a year is plenty of time, why not insert it in the act now?

Mr. ILSLEY: It is a matter that should be considered. Conditions in different industries vary a great deal, and it is impossible to turn over in one's mind in a minute or two the great variety of industries that claim drawbacks and the conditions under which they operate. At the moment I cannot think of any reason why a year should not be long enough, but I have an impression that in some industries it might not be.

Mr. DUNNING: In the case of home consumption drawbacks, stocks are held from time to time until they qualify.

Mr. LOCKHART: I should like to add a further word about the telegrams of protest as read. The minister has to a large extent admitted that there is a possibility that many of these claims may be justified. If he makes it retroactive to the extent of permitting only the two cases, those in which claims have already been filed or are before the courts, it will be a hardship to force that upon dealers in all cases; because while they may not have filed official protests with the department I know there have been opinions expressed throughout the country that this is discrimination to a certain extent. I think the minister should not go too far. The courts could deal fairly with such cases. The suggestion of the minister to impose a limitation might be adopted, and the matter could be cleared up in the future. If, however, the interpretation given by the commissioner, the minister or others has been wrong, an adjustment should be due those who have paid the duty.

The minister's contention may also be justified that the drawback may not in all cases be passed on to the consumer, but I gather from conversation with many men engaged in business that they have entered protests against paying the duties imposed and feel that they should be given equal consideration along with those cases which are at present in the courts.

Section agreed to.

On section 9—Drawback on exported goods manufactured of imported materials and of materials of domestic manufacture of the same class.

Mr. BENNETT: Will the minister make it clear what he has in mind? The old statute dealt with pig iron; this does not. Some would say it dealt with half of that term and not the other half.

Mr. ILSLEY: It is not necessary to refer to pig iron specifically; it is included I think in the general language of the new section. The explanation of the section is found in the explanatory notes:

> The effect is to extend to other goods the provisions contained in the present subsection as to pig iron.
>
> This practice has been followed heretofore under authority of regulations made by the governor in council.

And there is a provision at the end of the section which is important:

Provided that such drawback shall not be allowed unless a like quantity of materials of the same class, whether imported or of domestic manufacture or production was used in, wrought into or attached to articles manufactured in Canada and exported.

Mr. BENNETT: The reason for pig iron being the subject matter of the section is well known. We have no iron ore in the country capable of producing steel and we import iron ore from which we do produce a type of steel. Pig iron is an article that enters so largely into the industrial life of the country that a special provision was made for it. I say frankly to the minister that this is capable of the greatest possible abuse. I wonder if he will just concentrate on what it means. It means the mixing of material brought into the country with material in the country and claiming a rebate with respect to that material which comes in, after it has been wrought up, on the assumption that it is exported. How can you clearly and without question separate the export goods and the domestic goods when you have a mixing of the imported pig iron and the domestically produced ingots for the production of the steel that is used? It is a wholly wrong principle to expand it beyond pig iron. There was a very great effort made with respect to that—I think Mr. Fielding did it— and it was done with extreme reluctance for reasons I think the minister will appreciate at once.

Just look at it. You bring in some raw copper on which you pay duty. Then you mix that copper with domestic copper, and you have a product which is used for both domestic requirements and for export, but the duty is rebated only on the part of the material that was imported and subsequently exported. Then the proviso is that such drawback shall not be allowed unless a like quantity of materials of the same class, whether imported or of domestic manufacture or production, was used in, wrought into or attached to articles manufactured in Canada and exported. That is, fifty per cent of the resultant product must be Canadian and must be used with fifty per cent imported for the purpose of permitting the drawback to apply to that part of the resultant product that is exported. In the name of heaven how can that be done successfully? Pig iron was capable of being traced, but other materials beyond that cannot be traced. That action was taken in connection with pig iron for the reason that it resulted in steel being produced by industries in Canada. But take chemicals.

[Mr. Ilsley.]

You see, it is putting a premium on lessening Canadian production or maintaining it at its present level. It means an increase in imports if you are going to have one-half of all the material that is utilized in the production of a given commodity imported, thereby securing a rebate on exported goods. Instead of the whole production being carried on in Canada only one-half is contemplated as being made in Canada. That is the effect of it. The action in connection with pig iron was taken because we had no iron ore in this country with which to make the better qualities of steel; ore from Newfoundland was the only iron ore we had that was capable of producing the type of steel required in industrial activity.

Mr. ILSLEY: I am informed that there will be no difficulty in administration in connection with the provisions of this section; in fact I was under the impression that this was being done now. If it were necessary to identify the raw materials in the finished products as exported with the raw materials imported, that would not be possible in a good many instances where the manufacturer buys half of his raw material in Canada and imports half of his raw material. It may be that in the finished product which is exported some of the raw material domestically produced and some of the raw material imported will be used, but so long as the manufacturer exports sufficient to use up a quantity equivalent to that imported, why should he not have a drawback on what he imported? It seems to me only fair and just and in accordance with the principles underlying the drawback system. Otherwise he would have to separate his manufacture in some way into what he manufactured for export and what he manufactured for domestic consumption, and he would have to separate his raw material and use the imported part in what he exported, in order to get a drawback. There is no reason why he should not buy part of his raw material in Canada and import part of it, use the raw material in his manufacture and get a drawback on what he imported provided he exports enough to use up the quantity which he imported.

Mr. BENNETT: It goes a bit further than that; he must use a like quantity of materials of the same class. That is going a good deal further than we have gone previously in this country, and it is fraught with great racket possibilities.

Section agreed to.

On section 10—Regulations of imports and exports of arms, etc.

Mr. WOODSWORTH: Mr. Chairman, on the whole I think the government is to be commended for having introduced a provision of this kind. Undoubtedly the arms industry occupies a place by itself, and private individuals ought not to be allowed to import, export or transport arms without any regulation whatever. I am glad also that this section provides not merely for the licensing of arms but also for any articles "deemed capable of being converted thereinto or made useful in the production thereof." That will include certain articles which undoubtedly should be included. It does not seem to me, however, that the section goes anything like far enough to control armament production, and on the other hand it does place enormous power in the hands of the government.

As I see it there are three or four groups whom we would have to consider in this connection. There are groups of private individuals who may be importing or exporting arms. There are friendly nations to whom we might export arms. There are enemy nations to whom some armament firms might try to export arms, and then there are the neutral nations. Before such great powers are given into the hands of the government we ought to have some sort of policy laid down with regard to how these different groups are to be treated. For example, are we to allow practically wholesale export of arms to neutral nations? I do not think that matter has ever been discussed in this house. There should be some fairly clear understanding with regard to government policy before such great powers are put into the hands of the government. Further, while one does not like to think of any sort of undue influence being exerted by armament firms, I do urge that with the millions of dollars which may be here involved the situation is perhaps not carefully enough guarded. Let us look at the penalties under the second subsection:

(2) Any goods imported or exported contrary to the provisions of this section or of any order of the governor in council hereunder or regulation established thereunder shall be seized and forfeited; and any person importing or exporting the same or causing or permitting them to be imported or exported shall be guilty of an offence and for each such offence be liable on summary conviction before two justices of the peace to a penalty not exceeding two hundred dollars and not less than fifty dollars, or to imprisonment for a term not exceeding one year and not less than one month or to both fine and imprisonment.

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May I point out that in the manufacture and export of armaments millions of dollars are involved. This penalty is altogether inadequate.

Mr. ILSLEY: Read the last part of the section.

Mr. WOODSWORTH: I shall.

Mr. ILSLEY: A million dollars is not involved when the value is only $200.

Mr. WOODSWORTH: It reads:

If the value of such goods is two hundred dollars or over, the person so offending shall be guilty of an indictable offence and be liable on conviction, in addition to any other penalty to which he is subject for such offence, to a penalty not exceeding one thousand dollars and not less than two hundred dollars, or to imprisonment for a term not exceeding four years and not less than one year or to both fine and imprisonment.

Surely in comparison with the greatness of the crime involved in the violation of this section, the penalties are very small indeed. One can imagine the millions of dollars involved in the production of armaments, and if a man can go on violating the law with a penalty as slight as this one, it is almost an encouragement to such violation.

There is another and more important matter which I wish could have been introduced by the government. I should like to see not only licensing of the export or import or transport of armaments, but legislation making it impossible for private individuals to make profits out of war. I think that is the least that can be done to-day. At this late stage of the session I do not wish to go into any general discussion of this question, but all hon. members know that many private investigations with regard to armament profits have taken place. The League of Nations has reports in the matter, and not so very long ago there was an investigation in Great Britain. Further, there was an elaborate inquiry in the United States. The enormous fortunes made out of war are now pretty generally known by the public, and the people are also beginning to get a glimmer of the crooked methods used to foment war scares in order that such profits may be made.

With war such a horrible business, and in view of the fact that the last war almost wrecked civilization, bringing even our own country to the verge of bankruptcy, we must not take the matter too lightly. When war breaks out we are asked to send tens of thousands of our best young men to fight; yet we have allowed armament profiteering. We allow a course of action which may precipitate war. In my judgment the least that

can be done is to see to it that no individual is permitted to make profits out of this business which so disastrously may affect a nation. The present measure does not make any provision to prevent the making of profits out of war.

Only to-day I received a letter from the editor of The People's Weekly, a labour publication in the city of Edmonton. Several weeks ago this paper undertook to circulate a petition with a view to having it presented to parliament. The editor writes:

> Under separate cover in three parcels we are sending you the petitions to take the profit out of war which have been received in this office. There are 27,781 names on the sheets mailed from here. They are mostly from Alberta, although a few are from Saskatchewan and British Columbia.

The writer goes on to state that he understands that The Western Farm Leader is sending a batch of petitions. The letter then proceeds:

> You will notice that the kinds of sheets used are varied in size, shape and condition. They have been carried around in farmers' pockets and workmen's overalls. While there was no organized circulation of the petition, nevertheless hundreds of individuals expended much time and effort in securing names. The letter accompanying a petition with one hundred and thirty-three names read: "I have had to walk close to one hundred miles to get these few names, part of it on snow shoes. I only encountered one who refused to sign." This last sentence is contained in almost every letter received. There is usually one person in a community who will not sign. Of course the petition has only been circulated where the People's Weekly is known. The daily papers have not mentioned the campaign. But where it has been circulated practically everyone has signed. I would say that the experience of those who circulated the petition indicates that if every person in Canada had had a chance to express themselves on the matter the result would have been an almost unanimous vote to take the profit out of war.

May I say that in addition to this campaign in Alberta a number of similar petitions have been circulated in other provinces. I have some of these containing tens of thousands of names, and all have not yet arrived. So far I have not had a chance of presenting them to the house, but I would say that with very little organized effort, and through the initiative of a few individuals in the west, all these people have volunteered in their respective communities to try to do what they could to impress upon the government the necessity of taking profit out of war.

May I avail myself of the opportunity afforded by this piece of legislation to urge upon the government that they supplement it by a more drastic and far-reaching measure. It is only fair to the great masses of our people that no one be allowed to profit from a future war. To-day we read about certain companies doing businesses which, in themselves, are perfectly legitimate, but through which because of the war preparations in Europe, they are making tens of millions of dollars. I have in mind the nickel companies and their enormous profits. Undoubtedly a very considerable portion of their production is to-day going into war munitions. I cannot see why, in a world troubled with such unrest that there is danger that Canada may be drawn into war—unrest to such an extent that this government has thought it necessary to spend millions of dollars to guard against possible contingencies—I cannot see why any group in Canada should be permitted to make money out of that kind of business. All I can do is to urge that this legislation be supplemented by other more drastic measures. Would the minister tell the committee whether something further is contemplated, and what general lines of policy will be followed in the administration of the section under discussion?

Mr. ILSLEY: I was under the impression that a complete statement on the whole subject was made by the Prime Minister (Mr. Mackenzie King) at an earlier stage in the session. I am not in a position to state what the government contemplates, but undoubtedly in the event of this country being involved in a war extraordinary profits will be guarded against. I can say that that matter has been fully considered. The hon. member will recall that during the period of the last war and shortly afterwards the Business Profits War Tax Act became operative, and that it was one of the measures adopted at that time to prevent private industry from profiteering to too great an extent.

Mr. WOODSWORTH: The minister would not call that effective.

Mr. ILSLEY: I have not made a study of that act, as it was long before my time in this parliament. However, that is one method which could be adopted. The hon. gentleman suggests the taking of profit entirely out of dealing in war materials, or taking the profit entirely out of war. I recall listening attentively to the debate which took place in the early stages of this session. I heard the hon. gentleman and other hon. members speak in that debate, and if I remember correctly, it was pointed out that no one could make a profit out of the growing and selling of wheat to belligerents, or out of the selling of foods and a wide range of materials to belligerents or to others who might be con-

nected with a war. It was pointed out, and I think quite properly—I am not anxious to get into a controversy—that to take the profit out of war there would have to be the complete socialization of all industries, large and small. When that was suggested, the hon. member said it would suit him.

Mr. WOODSWORTH: I do not know that I said that, but I should like to ask the minister whether wheat and other foodstuffs would be included in this section?

Mr. ILSLEY: The answer is yes. Under paragraph (b) the governor in council takes the power to prohibit, restrict or control the exportation, generally or to any destination, of provisions or any sort of victual which may be used as food by man or beast.

Mr. WOODSWORTH: Would that mean that a man could not grow wheat without a licence?

Mr. ILSLEY: It does not mean that.

Mr. WOODSWORTH: May I ask what it does mean?

Mr. ILSLEY: This legislation is permissive only. It will be up to the governor in council to state whether a licence or permit shall be required. This authorizes the governor in council to restrict or control the exportation of food.

Mr. WOODSWORTH: That is clear. Should a crisis occur, the government could take the power of not allowing our farmers to grow wheat without a licence.

Mr. ILSLEY: It says nothing about growing.

Mr. WOODSWORTH: To sell.

Mr. ILSLEY: Under this legislation they have the power to prohibit, restrict or control the export of wheat, not the growing.

Mr. WOODSWORTH: I think the minister will concede that only in the most extreme circumstances would the government undertake to prohibit the export of foodstuffs. I think the minister will agree also that munitions are in a different category from foodstuffs and have always been so regarded. It seemed to me that there was an evasion or side-tracking of the main issue when this question of food was brought up. I know that everything in the world is related to everything else, but most of us know what we mean when we speak about armaments and materials of war. My presentation to-day is limited to what are generally known as munitions and materials of war. I ask that they be taken out of the category of things from which men can make fortunes

[Mr. Woodsworth.]

Mr. MACKENZIE KING: For some months past an interdepartmental committee has been going very carefully into the whole question of the control of profits with respect to munitions of war. That committee has been working in conjunction with members of the government. The line upon which we have been proceeding is to attempt to draw a distinction between war materials produced in times of peace and what may be necessary in times of war. Unquestionably special legislation would be required in times of war. At the present time, in a time of peace, the government is proceeding on the theory of permitting competition with reasonable remuneration, the work to be subject to inspection and audit. Different forms of control have been suggested by the departments. Members of the interdepartmental committee are working together with a view to effecting just what my hon. friend has in mind. I can assure him that the whole question is one to which the government is giving careful consideration, and that it will continue to do so. We agree with him in asserting the principle that no profits should be made out of war.

Mr. BENNETT: As such.

Mr. WOODSWORTH: Has the government any policy with regard to the matter I mentioned, that is the export to friendly warring nations?—of course, we would not be exporting to an enemy nation—or to neutrals? Is there any line of policy that the government intends to follow with regard to these matters? We have dealt with one particular case, that of Spain, but no general policy has been laid down so far.

Mr. MACKENZIE KING: Some of these matters are better dealt with as the situations arise. For example, with respect to Spain, there was no difficulty in determining exactly what in the public interest was most advisable. However, to state in advance the principle which would govern with respect to situations, as they may affect different countries at different times is something which might not be wholly wise. This is especially so where the general policy is one of seeking an effective control.

Mr. WOODSWORTH: Will a report be made to parliament covering the production, transportation and exportation of war materials? Will the facts be given to the public?

Mr. MACKENZIE KING: All I can say at the moment is that when the estimates of departments affected are being considered, we shall seek to give the desired information so

far as may be possible. As to any special report being prepared, this has not been considered up to the present, but I shall be glad to see that the suggestion is taken under consideration.

Mr. BENNETT: I have to make a few observations with respect to this section from an entirely different standpoint. I have been accustomed over a period of many years to hear denouncements of the power vested in the executive and the exercise thereof by the governor in council. When such power as that mentioned in this section has been vested in the governor in council of this country, I do not know. We sometimes talk about vesting power in the governor in council in connection with relief matters touching the health and happiness of our people; but here the whole problem mentioned by the hon. member for Winnipeg North Centre (Mr. Woodsworth) is to be dealt with by the governor in council by regulations.

Mr. MACKENZIE KING: Can my right hon. friend suggest a better way?

Mr. BENNETT: Yes. There should be placed upon the statute books a provision that on and after a given date, in the event of hostilities these things should operate. Action with respect to matters of war should not be left to the executive; that should be a matter for parliament. It should become operative the minute war is declared.

Mr. MACKENZIE (Vancouver): This provision would have to be in effect when we are not involved in any hostilities.

Mr. BENNETT: This government or any other government is not likely to interfere with the movement of materials from Canada to a neutral country. We will not by an act of parliament prevent trade; at least, I have never heard anyone suggest we are likely to do that. That is a question as between neutrals and ourselves.

Mr. MACKENZIE KING: What about the position of Spain?

Mr. BENNETT: We are selling goods to Spain to-day.

Mr. MACKENZIE KING: We are controlling the export of certain classes of munitions.

Mr. BENNETT: We are selling goods to Spain, but there are certain classes of goods intended for war which are controlled.

Mr. MACKENZIE (Vancouver): Goods could be sent to a neutral country and re-exported to Spain.

[Mr. Mackenzie King.]

Mr. BENNETT: That was one of the things connected with the exercise of control which the late war indicated quite clearly. A matter of great dispute between Mr. Page and Lord Haldane and the present Lord Cecil, who was then in the foreign office, was the question of the shipments of goods to one country which might finally find their way to a warring country. The Minister of National Defence (Mr. Mackenzie) will remember that that was particularly true with respect to Scandinavian countries; but I will not go into the details of that. This is conferring a power of tremendous extent upon the governor in council. I direct attention to one particular clause, subsection (b):

> The governor in council may . . .
> (b) prohibit, restrict or control the exportation, generally or to any destination, directly or indirectly, or the carrying coastwise or by inland navigation, of arms, ammunition, implements or munitions of war, military, naval or air stores or any articles deemed capable of being converted thereinto or made useful in the production thereof, or provisions or any sort of victual which may be used as food by man or beast.

That is the answer to the question which was asked by the hon. member for Winnipeg North Centre regarding wheat. The governor in council has now taken the power to prohibit the exportation of wheat and any other victual which may be used as food by man or beast. I must say I did not like the word "victual," and that is the reason I sent out to get a dictionary, to look at it; I think a more apt word might have been used; but that is neither here not there. The important thing is the extent of the power conferred.

If you look at other subsections of the section you will find somewhat the same extreme power. For instance, the power of licensing is there, and I do not think anyone will greatly complain of the use of the licensing power with respect to some matters. But the governor in council may:

> (d) provide for the registration or licensing of persons engaged in the business of manufacturing, exporting or importing arms, ammunition or implements of war and prescribe fees, regulations, conditions and exceptions in respect thereof.

I take it that that is regarded as being necessary from the standpoint of possible operations of war, but I cannot think that anybody will be led to import war munitions into this country; if we ever again reach that unfortunate stage, the country itself will utilize its facilities for that purpose. I content myself with pointing out how frequently governments in office find that positions taken in opposition cannot be sustained or maintained when you have to rely upon an exercise of powers by

the governor in council to accomplish your purpose. I suggest that the enactment of legislation would have been a better course, and that the legislation should become effective at once upon the happening of a certain event. However, the main thing is that provision is made for it. I suggest to the minister that he should add to the section some such words as these in order that no doubt may arise: The regulations thus made shall have the force and effect of law, and shall be published in the Gazette—within whatever time may be regarded as necessary for their promulgation. The question of authorizing regulations to be made under order in council, without making any provision that they shall have the force and effect of law, is one that has been discussed in courts of law. It will be remembered that a few days ago the hon member for St. Lawrence-St. George (Mr. Cahan) pointed out the desirability of that being done, and it was done. Where there is no provision that gives regulations the force and sanction of law, you may have some questions regarding proof and matters of that kind. The Minister of Justice (Mr. Lapointe) knows the form of enactment that has been used for that purpose.

One other point, wherein I am in accord with the hon. member for Winnipeg North Centre. This morning we were considering a bill dealing with combines, and we provided that an individual who was found guilty under that measure could be fined $25,000, and a corporation $100,000; or a term of imprisonment could be imposed, or both penalties. But we provide that those who are guilty of infringing the provisions of the law under consideration may be fined or imprisoned, and if the goods are worth over $200 the individual may be fined up to $1,000. Having regard to the character of the offence charged I think the fines are wholly inadequate.

Mr. LAPOINTE (Quebec East): Do you mean, in the bill?

Mr. BENNETT: Yes. It is the penalty clause of this bill. I think it is inadequate, and that is the reason I have compared it with the penalties contained in the other bill. In view of the far-reaching character of the regulations, which greatly exceed the general provisions of the bill, it would be desirable to add the words I have indicated or others to the effect that the regulations shall have the force and effect of law as though enacted as part of the statute, and that they shall forthwith be printed in the Gazette.

The hon. member for Winnipeg North Centre dealt with the question of profits made out of war. I have made many inquiries on this subject, as no doubt he has. The business profits war tax in Great Britain, for instance, was a considered method of dealing with the problem of war profits. No one knows better than the hon. member who has spoken on the matter that there were a large number of people in Great Britain who believed that no profits should be allowed. A manufacturer on a very large scale with whom many hon. members of this house came in contact from time to time said, "We will operate our plant for a ten per cent profit, which will cover depreciation and everything else." After very careful consideration of the whole matter by committees and by business men, Mr. Lloyd George expressed himself as being strongly of the opinion that the best method was to let the manufacturers make all the money they could, and then take it away from them by taxation; and it will be recalled that Sir Josiah Stamp drafted the Business Profits War Tax Act, which we in Canada followed to some extent. I recall very distinctly talking about this question to a gentleman who told me that seventy out of every hundred dollars of profit was taken by the state, and it was not thought that thirty out of one hundred dollars was more than a reasonable amount, as the Prime Minister said, for what might be regarded as the normal profit of the enterprise as distinct from that which was referable purely to war activities.

The contention of the hon. member for Winnipeg North Centre is that all money made from war should belong to the state. That was the general principle which was in the mind of the British government, and the principle which Sir Thomas White adopted here after it had been in operation in Great Britain. I daresay that most hon. members have read the circumstances connected with the enactment and the evolution of that law in Great Britain.

The question of maintaining the industrial life of a country during war as distinguished from its purely war activities is one which, as the Prime Minister said, is not as simple as it looks; on the contrary, it is extremely complex, for certain types of industry through the expenditure of small sums of money can be made available for producing war materials, yet that work dislocates and in some instances destroys the normal business of the enterprise. It was that fact, I believe, which was the determining factor that caused the government to proceed in the way that it did, rather than by nationalization of the whole effort in the manner advocated by the hon. member for Winnipeg North Centre, who would be glad to see it accomplished because it means socialization of industry. It

is a problem which is easier to talk about than to solve. I suppose there is not a member of this committee who has not given thought to it. But the reason which led to the enactment in Great Britain of a business profits war tax was that it first encouraged industry to develop to the ninth power, and then took away from it practically the entire amount of profits referable to the war.

Mr. WOODSWORTH: May I ask the leader of the opposition this question? In this country we never really followed the lead of Great Britain in this respect, did we?

Mr. BENNETT: We did not carry it to the same extent, but we did apply the principle. For instance, I recall one gentleman in this country telling me that the taxation imposed—as a matter of fact I saw it in the directors' report—amounted to $70 out of every $100. In other words, $70 out of $100 of profits went to the state.

Mr. HEAPS: In Canada?

Mr. BENNETT: Yes; but that happened to be an enterprise that was capitalized very low and in which particular circumstances brought about an extraordinary condition with respect to profits. That, however is what happened, and it is an illustration of what might happen. The hon. member is right in saying that it has never been applied here to the same extent as in England, but the principle of taxing profits has been applied. When the imperial government created a commission for the purpose of producing munitions the principle was applied to a greater extent than it had been before, and the result was that the state received very large sums of money from profits that accrued on contracts given by Great Britain for the manufacture of munitions in Canada.

I do suggest to the minister that it might be desirable to consider these two factors—the question of making it quite clear that the regulations have the force of law; and the increasing of the penalties to bring them more into keeping with what might be regarded as a reasonable punishment under the circumstances. For I agree with the hon. member for Winnipeg North Centre that $1,000 would not be important; in fact, it would rather invite a violation of the law. Perhaps an old statement that was once applied by a commentator to a British tax, that "you must tax them until it hurts" is more applicable to the matter now under consideration—fine them until it hurts. That principle should find expression in this particular measure.

[Mr. Bennett.]

Mr. McNIVEN: A good many representations have been made to me similar to those referred to by the hon. member for Winnipeg North Centre, only some go further. I would ask the government to take the necessary steps to control the profits that are being made by manufacturers of war materials which will be accumulated for defensive purposes.

Wheat was mentioned a moment ago and is included in this measure. During the great war, wheat was the only commodity I know of in connection with which any such measure was taken. In February 1917 the price of wheat on the Winnipeg market was $3.05 a bushel. The Winnipeg grain exchange was closed and the government of Canada took over wheat at $2.20 a bushel, and the export of wheat except through a government agency was prohibited. A western farmer could have exported his wheat to the United States at that time and received a very much higher price. If the price of wheat had not then been controlled, it is conceivable that wheat would have gone to $4 or $5 or even $6 a bushel. I am not complaining about that, but it had quite definitely the reverse effect in the years following. Farmers purchased land at $75, $100 and $125 an acre, and they were justified in so doing with wheat at a price of $2.20 per bushel. But when, within a year of the cessation of the war, the price of wheat tobogganed to between 65 and 90 cents a bushel, these farmers found it impossible to pay for the lands which they had purchased at prices ranging from $75 to $125 an acre; and that very situation is the basis of much of the debt adjustment that is necessary in the western provinces to-day.

So far as manufactured products and other commodities are concerned, I do not know that there were any similar control, and the manufacturers ever went so far as to exploit the home market. That became apparent, because in 1919 the board of commerce was created and a commission was sent throughout the country to investigate the prices that were being charged for various commodities.

Reference has been made to taxation, and I think it will be generally conceded that there was insufficient taxation on war profits during the war years. That has resulted in the very large national debt we have to-day and the heavy interest charges we have to pay on it.

I commend this measure and hope that the government in the intervening months will be able to amplify it so as to ensure control of war profits.

Mr. COLDWELL: I am glad to hear the Prime Minister say that possibly, as further estimates are considered, additional statements may be obtained from ministers regarding the interdepartmental committee which has been looking into this particular matter. I am sure we shall all look forward to asking further questions when the appropriate estimates are before us.

While I commend this bill as a step in the right direction and agree wholly with the hon. member for Regina, I believe that the question of war profits and the control of exports of raw materials that may be used in the fabrication of munitions ought to be considered apart from war conditions, and that some steps should be taken to control the export of potential war materials to countries that may be at least potential enemies of Canada. We know, too, that sometimes bogies are placed before the Canadian people, who are told that certain nations are potential enemies not only of Canada but of the British commonwealth of nations. I know, as other members know, that some such nations have been particularly active in the last few months in buying scrap iron and things of that sort in various centres of Canada. A good deal of scrap iron has been sent lately from western Canada to the Pacific coast.

Mr. BENNETT: Up to $30 a ton.

Mr. COLDWELL: Quite so. It is difficult, I admit, but some attempt should be made to control profits made out of the export of such materials to potential enemy countries. In the last war we saw the dreadful spectacle of British and other soldiers being killed by bullets which possibly were encased in Canadian nickel.

I agree with those who have spoken with regard to the penalty. Last night in the banking and commerce committee when we were considering a money-lending bill, the penalty provided was $5,000 for violation by the directors of any of the provisions. In this particular instance the penalty is only $1,000. With the leader of the opposition, I believe that the punishment should be made to fit the crime, and possibly the fine should be tantamount to confiscation of everything obtained for the export of munitions in violation of the act.

Mr. BENNETT: The law does provide that.

Mr. COLDWELL: I had not noticed that.

Mr. BENNETT: Yes. "any goods imported or exported contrary to the provisions of this section."

Mr. COLDWELL: However, it does not provide for a substantial fine. Something was said of wheat as a possible war material, and the hon. member for Regina outlined the situation very well. But under wartime conditions we controlled the price of wheat, and I would emphasize that if the government contemplate controlling the price of wheat again during wartime it is logical that it should be controlled also at times when conditions send the price down. That, however, is interjecting something beyond the scope of this debate. But it is worthy of note.

We hear a lot said about the profits made out of commodities like wheat. The farmers seldom receive even the cost of production. Neither the small storekeeper nor the small manufacturer nor the farmer scarcely ever make a profit in the real sense of the term; that is, something that accrues by way of ownership and is to that extent unearned increment.

I should like to see the munitions industry thoroughly controlled. For example, although I have not seen the balance sheet of the International Nickel Company for the entire year 1936, I noted that for the first nine months the profit was $23,000,000. There we have an industry built up to no small extent by foreign demand for a potential and necessary war material, one of our Canadian resources; and it seems to me it ought to be controlled in the interest of peace and of the people of Canada. We have been reading recently in the press of the taking over of the munition factories in France. In European countries it has become generally recognized that before wars break out, persons interested in the sale of munitions are often, to a degree at least, responsible for arousing war passion in the countries in which they live. The example of France might well be followed more widely throughout the world. I am not in a position to say precisely what they have done in France, because I have only seen what has been reported in the public press; but if my impression is correct, they have gone a long way towards eliminating all the profit motive from the making of munitions. Now if control of the export of war material is justified when war breaks out, it is only logical to exercise control before war breaks out, although that may be more difficult. In such a preparatory period there is a tremendous amount of activity in munitions industries. The matter of limiting armament profits does not enter the picture under this bill, but it is something we should bear in mind. I am fully in accord with the purpose of the bill, but I should like to see it go much further than it

does and parliament to have greater control than contemplated under the provisions of this bill, which in my judgment places too much discretionary power in the hands of a government.

Mr. JOHNSTON (Bow River): I am in favour of the general principle of this bill, but there are changes I would like to see made. I recall the Prime Minister, speaking not long ago about our defence program, assuring us that Canada's defence program was to be purely defensive. This section provides for the control of export of arms. I cannot conceive how a real defence program could be carried out if we are going to manufacture arms or munitions for export. I would like to see greater control of the export of war materials.

As far as profit is concerned, as I mentioned once before, I do not think you can take all the profit out of war; but excess profits can certainly be taken out, and I am pleased to hear that the minister is investigating that question now, by means of a committee I think he said. I should like to see that committee become much more active. Now is the time when we should have a thorough investigation of these munition manufacturing plants, and not wait until war breaks out, because then they will have made their profit to a large extent. These arms manufacturing plants should be allowed a fair commission for their work, for we do not contend that they should manufacture these things gratis for defence purposes; they should receive a commission, but not profits to the extent of the millions that have been suggested. It is true that no farmers ever made millions out of the production of wheat for war purposes, or any other purpose. I am strongly in favour of the general principle of control of these things, but would like to see more action

Mr. ILSLEY: Suggestions were made in regard to the amendment of this clause which I think have merit. One was the matter of the penalty. It does appear that a fine of $1,000 is small for a substantial offence. Of course, it must be borne in mind that the goods are confiscated—

Mr. WOODSWORTH: Is not that just one shipment? A man might have shipped goods previously and have been doing it for months.

Mr. BENNETT: But you do not catch the goods; they get away.

Mr. WOODSWORTH: But you can catch the profits made out of the illegal export.

Mr. LAPOINTE (Quebec East): By a higher penalty.

[Mr. Coldwell.]

Mr. ILSLEY: Yes, I think the penalty might be higher for shipments in the higher category. I would suggest $10,000. That is a great increase over $1,000, but the justification for such a large sum would be that it is not too large for a serious infringement of the section. Moreover, it is not compulsory; that is the maximum; the penalty may range from $200 to $10,000, leaving the court to exercise discretion. So I am prepared to have that $1,000 changed to $10,000, and will have a colleague move that in a moment.

The other suggestion made by the leader of the opposition was that force of law be expressly given to the regulations. I was not aware that that was necessary, particularly when there is in the section a provision such as appears in subsection 2, namely:

> Any goods imported or exported contrary to the provisions of this section or of any order of the governor in council hereunder or regulation established thereunder shall be seized and forfeited. . . .

Those words really give to the regulation the force and effect of law for all practical purposes, I should say.

Mr. BENNETT: No, that only makes it an offence to contravene the regulation. I am not urging it; I do not urge anything; I merely make a suggestion.

Mr. ILSLEY: I think there is no objection to adding a clause that such regulations shall, when made, have the force and effect of law as though enacted as part of this statute, and shall be published in the Canada Gazette.

Mr. BENNETT: Yes, I think the public should know of them as soon as possible, because after all, it is legislation by the executive that is not in the public statutes.

Mr. ILSLEY: Then the question arises whether the regulations are established under the next subsection until they are published in the Gazette. I would think they are established as soon as they are made.

Mr. BENNETT: Unless you provide, as has sometimes been done, that they shall not be effective until after so many days elapse from publication. In the absence of any provision to that effect they become effective the moment the assent of the governor general is given.

Mr. ILSLEY: I have not given a great deal of thought to that phase, but I can imagine a situation in which events are moving very rapidly where it might be necessary to pass an order in council, and then within the next half hour make regulations and notify persons affected that these regulations had been made. Then they would have to govern themselves accordingly.

Mr. BENNETT: The publication in the Canada Gazette does not touch that. They are published in the Gazette subsequently, merely to indicate what the regulations are.

Mr. ROGERS: I move that section 10 be amended by adding the following words immediately after the word "elsewhere" in line 44:

Such regulations shall, when made, have the force and effect of law as though enacted as a part of this statute, and shall be published in the Canada Gazette.

Amendment agreed to.

Mr. ROGERS: I have another amendment. I move that the word "ten" be substituted for the word "one" in line 10 on page 6 of the bill.

Amendment agreed to.

Section as amended agreed to.

On the preamble.

Mr. McNIVEN: I wonder if the committee would grant me an indulgence so that on the preamble I might discuss a matter of particular interest to the prairie provinces, which more properly should have been discussed under subsection 5 of section 2, which reads:

The operation of the value for duty of any fruit or vegetable fixed pursuant to this section may be suspended by the minister in the case of such fruit or vegetable imported into any specific region or part of Canada.

I am not sure whether in its practical working out this provision is intended to end the application of dumping duties as applied during the last five or six years or whether it is intended to perpetuate that practice.

So far as the application of dumping duties on fruits and vegetables is concerned, as a resident of western Canada I have no objection to the application of that principle to the province of Ontario, if the residents of Ontario so desire. I have no objection to the application of the same principle to the maritime provinces or to British Columbia, if the residents of those areas so wish; but I have a very emphatic and definite objection to the application of the dumping provisions of the Customs Act to fruit and vegetables going to the prairie provinces, as a protection for industries that have no existence in those provinces. It may afford a certain amount of protection to industries in other parts of Canada, but I am informed, and I think correctly, that the maritime provinces do not ship fruit or vegetables to western Canada. There was a time when the gravenstein apple was a household commodity in western Canada, but at the present time that apple is a scarcity there. I am also informed that practically no vegetables, and only comparatively small quantities of fruit, are now shipped to western Canada from the province of Ontario. If the people of Ontario desire the dumping provisions of the Customs Act in order to preserve the Ontario market for their vegetable and fruit growers, that is a matter of immediate concern to them, and I do not take issue with it. But I do object very definitely and emphatically to the dumping provisions being applied to fruits and vegetables in western Canada, with the result that two and a quarter million consumers are required to pay an increased price for those very necessary table and household commodities.

The dumping provisions were applied last year, and I am going to give the dates when they were applied in the maritime provinces and the prairie provinces. The dates are as follows:

	Prairie provinces	Maritime provinces
Cucumbers	May 16	June 5
Lettuce	May 16	June 5
Beets	June 11	June 29
Cabbage	June 11	June 29
Cauliflower	June 11	June 29
Strawberries	June 10	June 24

May I pause here to say that as soon as the dumping duty was applied to strawberries, the price was increased here in the province of Ontario; as a matter of fact, the price was increased in the parliamentary restaurant in this building.

Carrots	June 12	June 30
Green peas	June 12	June 30
Cherries	June 22	July 3
Raspberries	June 29	July 3
Loganberries	June 29	July 3
Celery	June 29	July 10
Plums	June 10	
Canteloupes	June 12	
Peaches	June 12	
Pears	June 22	
Prunes	June 29	

Mr. ILSLEY: Has the hon. gentleman the dates when the values were removed? My impression is that he is quite correct, that the values go on earlier in the west than in the maritimes, but I believe they are taken off earlier also.

Mr. McNIVEN: I have not the dates when they were removed, but the point I want to make is that these commodities are not produced in the prairie provinces in commercial quantities, and that what production there is in that area does not to any degree supply the demand. While I admit that this provision is designed to protect the

British Columbia market particularly, we find in western Canada that the producers of British Columbia are not able to supply these commodities in sufficient quantities to supply the market in the west. For example, I am credibly informed that British Columbia was not able to supply the demand of western Canada for plums, peaches and prunes, and that when these fruits were ordered in British Columbia the wholesaler or producer said they could be shipped only in limited quantities. When a carload was ordered, the buyer was instructed that he would have to take a composite car. He might have to take one hundred, one hundred and fifty, or two hundred and fifty cases of plums, peaches or prunes, and the rest of the car would be made up of other commodities.

Dealing particularly with peaches, after the dumping duties went into effect the price increased by forty cents a case in the Regina market, and by similar amounts throughout Saskatchewan.

Mr. BENNETT: In 1936 or 1935?

Mr. McNIVEN: In 1936.

Mr. TOLMIE: What was the price before the dumping duty?

Mr. McNIVEN: I understand about $1.20, and after the dumping duty it went up to $1.60. The point I want to emphasize is that if the Canadian producer is not able to supply the western market there is no justification, if indeed there is under any circumstances, for the application of dumping duties. The application of those duties to two and a quarter million consumers means that the government of Canada is collecting a revenue from these consumers on these particular commodities. I do not think it is the desire of the government that a section of the country which has been subjected to one type of calamity after another should be required, through dumping duties, to pay revenues into the exchequer of Canada where articles of food are concerned. It seems to me the ordinary duties authorized by parliament with regard to fruits and vegetables are sufficient protection for Canadian producers. I hope that under this subsection the minister will find it in his power to create a region where dumping duties will not be applied, and that region should include the three western provinces. If the representatives from Manitoba and Alberta do not concur in the suggestion, then I ask most definitely that it apply to Saskatchewan.

Preamble agreed to.

Bill reported, read the third time and passed.

[Mr. McNiven.]

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 95, to incorporate the Canadian Mercantile Insurance Company—Mr. Fontaine.

Bill No. 96, for the relief of Norah Clara Simson Warden—Mr. Jacobs.

Bill No. 97, for the relief of Evelyn McCaughn McBride—Mr. Jacobs.

Bill No. 98, for the relief of Marie Liette Fortier Mickles—Mr. White.

Bill No. 99, for the relief of Cecile Snyder Rashback—Mr. Betts.

NEW MEMBER

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

Of John Allmond Marsh, Esquire, for the electoral district of Hamilton West.

COMBINES INVESTIGATION ACT

PROVISION FOR ADMINISTRATION BY COMMISSIONER UNDER MINISTER OF LABOUR

The house resumed consideration in committee of Bill No. 41, to amend and consolidate the Combines Investigation Act and amending act—Mr. Rogers—Mr. Sanderson in the chair.

On section 23—No witness excused from giving evidence on ground it may incriminate him.

Mr. THORSON: I would be very glad to yield precedence to the right hon. the leader of the opposition on this section.

Mr. BENNETT: I have nothing further to say; I have said it so often. This is the clause about which discussion took place between the Senate and the House of Commons, I take it?

Mr. ROGERS: Yes.

Mr. BENNETT: The contention is that, as it stands at this time, it is to prevent the use of documentary evidence in criminal proceedings. This purports to cure it; that is as far as I understand it. I have seen documents which were thus secured used in criminal proceedings; in fact, I was associated with a case in which they were used. But, of course, I think there is a misunderstanding as to how they can be used. The mere fact that they are in the possession of the investigator does not imply his right to keep them. They should be returned to the people from whom they were taken.

The same question may have been in the minds of those in the other house. There is no right to keep a man's documents because you have the right to take copies of them, unless the right is specifically given. Under the suggested proposal he may get only a certified copy, whereas before he was entitled to the documents.

Mr. CAHAN: He could seize them.

Mr. BENNETT: The question as to the use of them has been discussed times without number. I see no reason why documents properly in the custody of the crown should not be used against the person from whose custody they came. I have seen that done, but I understand that eminent lawyers take another view. I have nothing to add to what I have said already.

Mr. THORSON: This is an exceedingly important section of the bill, and in view of the controversy which has taken place between the House of Commons and the Senate I think it might serve a useful purpose if the history of this section were placed on the record. The Combines Investigation Act was first introduced in 1910 by the Prime Minister (Mr. Mackenzie King), who was then I believe the Minister of Labour in the cabinet of Sir Wilfrid Laurier. In that act there was no provision at all governing the admissibility or inadmissibility of either oral or documentary evidence. Then the Combines Investigation Act of 1923 was passed. When that act was first introduced into the House of Commons on March 9, 1923, section 18 read as follows:

No person shall be excused from attending and giving evidence and producing books, papers, or records, in obedience to the order of the registrar or commissioner, on the ground that the evidence or documents required of him may tend to criminate him or subject him to any proceeding or penalty, but no such evidence or documents shall be used or receivable against such person in any criminal proceedings thereafter instituted against him, other than a prosecution for perjury in giving evidence upon such investigation, inquiry, cause or proceeding.

It will be noted that the section in the bill as it was first introduced made reference to both evidence and documents. When the bill came into the house for second reading on May 7, 1923, the Prime Minister intimated that he desired to move an amendment to section 18, deleting the words "or documents" in the phrase "no such evidence or documents." The Prime Minister's statement, which appears on page 2521 of Hansard of 1923, is as follows:

There is one other slight amendment which is to strike out the words "or documents" that appear in section 18, line 42, of the act. The section as drafted makes it obligatory upon any person to give evidence before a registrar or commissioner and to produce documents. It goes on to state, however, that whoever gives testimony cannot be bound in a court of law by the oral testimony so given. The clause as it now reads goes beyond granting protection as respects oral testimony and includes documents. The effect of the bill as drafted would be that where any incriminatory documents might be disclosed in the case of an investigation, subsequently, when court proceedings were held, a combine might find its means of escape from the just penalty of its illegal actions, by having these documents protected. It is, therefore, my purpose to meet such a possible situation by providing that the words "or documents" shall be deleted.

When the bill went to committee the Prime Minister moved to delete the words "or documents." His statement appears on pages 2631 and 2632 of Hansard of 1923, as follows:

Mr. Mackenzie King: I have an amendment to this section, Mr. Chairman, that I mentioned it was my intention to introduce. I move to amend the section by inserting the word "oral" before the word "evidence" in line 40 and by striking out the words "or documents" in line 42 and substituting therefor the words "so given." The section as it stands protects in the event of a criminal prosecution any person as respects the oral evidence which he may have given and also as respects documents he may have introduced. It is quite clear that unless the words "or documents" are stricken out, the clause would only serve to protect the combine in the matter of the evidence that was needed at the criminal prosecution.

Mr. Murdock: I would point out in that connection that it will be necessary to insert the word "oral" in line 4.

Mr. Mackenzie King: That is what I have done.

Amendment agreed to.

For some reason or other which I have not been able to ascertain, only one of those amendments was actually made, namely, the one to strike out the words "or documents." The word "oral" before the word "evidence" was not inserted. Therefore, section 18 of chapter 9 of the statutes of 1923 reads:

No person shall be excused from attending and giving evidence and producing books, papers, or records, in obedience to the order of the registrar or commissioner, on the ground that the oral evidence or documents required of him may tend to criminate him or subject him to any proceeding or penalty, but no such evidence so given shall be used or receivable against such person in any criminal proceedings thereafter instituted against him, other than a prosecution for perjury in giving evidence upon such investigation, inquiry, cause or proceeding.

Then an interesting case came before the courts.

Mr. CAHAN: I have been following my hon. friend. I have not before me chapter 9 of the 1923 statutes except as it is found in chapter 26 of the Revised Statutes of Canada.

Mr. THORSON: I shall come to that in a moment. The case of Rex v. Symington was tried in 1926. That was the fruit combine case. In the course of the trial it was intimated—indeed I think I may say, held—that the term "evidence" as it appeared in section 18 of the Combines Investigation Act of 1923 included both oral and documentary evidence. Counsel sought to produce a document, and the court ruled that he might have produced that document except for the statute. The language of the court on that occasion, in reply to counsel who sought to use a document, was to this effect: I am inclined to think the act takes away from you something you would have without the act. In consequence of that decision—

Mr. BENNETT: What judge was that?

Mr. THORSON: I do not recall the name of the judge. In consequence of that decision the commission that was charged with the revision of the statutes in 1927 caused the word "oral" to be inserted before the word "evidence" in the sixth line of section 18.

Mr. CAHAN: When was that inserted?

Mr. BENNETT: In the revision.

Mr. THORSON: It was inserted in the course of the 1927 revision.

Mr. CAHAN: I could find no special act dealing with that insertion.

Mr. THORSON: I have merely traced the history of the section, and I find section 18 in the Combines Investigation Act of 1923 as I have set it out to be.

Mr. CAHAN: Quite so.

Mr. BENNETT: Did not the hon. member make an error? He said the word "oral" did appear in 1923.

Mr. THORSON: No, it did not appear.

Mr. BENNETT: He intended to say it did not, but he said it did. But it did appear in the revised statutes.

Mr. THORSON: An amendment was introduced in committee in 1923 that the word "oral" should be inserted, but for some reason or other it was not inserted, and the word "oral" did not appear in the statutes of 1923 as the statutes were published. However, the commission charged with the revision of the statutes in 1927 caused the word "oral" to be inserted before the word "evidence"; and in the revised statutes of 1927—

Mr. BENNETT: It is section 24.

Mr. THORSON: —section 24 of the Combines Investigation Act as it appears in the revised statutes of 1927 repeats section 18 of the Combines Investigation Act of 1923 with the addition of the word "oral" before the word "evidence" in the sixth line thereof. That remained the state of the law until 1935, when the Combines Investigation Act Amendment Act was passed.

Mr. BENNETT: Section 17.

Mr. THORSON: Chapter 54 of the statutes of 1935. Bill 79 passed the House of Commons on June 20, 1935. This statute transferred the administration of the Combines Act to the Dominion Trade and Industry Commission that had been established under the Dominion Trade and Industry Commission Act of 1935, and section 24 of the—

Mr. BENNETT: Chapter 54 of 1935.

Mr. THORSON: —section 24 of the Combines Act as it appears in the revised statutes of 1927 was amended. The words "the registrar or commissioner" were struck out, and the words "the commission" were substituted. The bill passed the House of Commons and went to the Senate. The Senate made two amendments to the section as it came from the House of Commons. The Senate struck out the word "oral" as it appeared immediately prior to the word "evidence" in the sixth line of the section, and it added the words "or documents" after the word "evidence," and it also substituted the word "required" for the word "given." So that after the Senate had amended section 24 in 1935 in the manner which I have indicated, section 24 read as follows:

> No person shall be excused from attending and giving evidence and producing books, papers, or records, in obedience to the order of the commission. . . .

Section stands.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

FREE FOREIGN TRADE ZONES

Mr. HERMAS DESLAURIERS (St. Mary) moved the second reading of Bill No. 45, to enable the establishment, operation and maintenance of free foreign trade zones.

He said: Under this bill, the second reading of which I now move, seconded by the hon. member for Victoria, B. C. (Mr. Tolmie), any province, municipality, or local public organization might apply for the establishment,

maintenance and operation of a free port at its own expense, subject to the approval of the Departments of Transport and National Revenue.

I am quite aware that the time of the house is most precious in view of the fact that both sides are anxious to prorogue as soon as possible so as to permit their representatives to leave in ample time to attend the coronation of His most gracious Majesty George VI. I would ask, inasmuch as the bill is not mandatory and does not in any way commit the house to the principle, that it be sent to a special committee. I know that the railway committee will be engaged in the consideration of highly important measures until prorogation, and I therefore think it would be more practical to send this bill to the banking and commerce committee, following the example of the Senate. The Senate Hansard contains voluminous evidence and extensive reports on the question, and that information could be taken into consideration.

I would point out that in the last two years, during the time this bill has been under consideration by the Senate, where there are many who are very careful about dotting there i's and crossing their t's, not one amendment has been proposed. The bill being merely permissive, I would urge the house to send it to any standing committee that may be decided upon, with instructions that it report to the house. In order to save the time of the house I now move the second reading of the bill.

Hon. S. F. TOLMIE (Victoria, B.C.): Perhaps I should say a few words in support of the bill. As the mover has clearly pointed out, it does not involve any expenditure of government money; it is a private enterprise. It is proposed that the government shall give to each province the right to establish one free port somewhere within its boundaries. The request must come from certain organizations within the province, which must make all expenditures that are necessary for equipment to maintain the free port. The proposal will then be submitted to the federal government for acceptance.

On the Pacific coast we are particularly interested in this question because we look upon the free port as a new venture affording an opportunity for the development of Canadian enterprise, without any cost to the dominion government. Free ports have been quite successful in some parts of the world where they have been thoroughly tried out. Recently New York, fully realizing the importance of an establishment of this kind, had opened a free port on Staten island. On the Pacific coast we are particularly interested in this question because we are a new country situated on an ocean on which two-thirds of the world's population live. We have excellent waterways. Victoria city being located in the strait of Juan de Fuca, every steamer going through the strait must pass that port. Moreover, the quarantine station is located near that city and all deep sea shipping destined for Canadian ports must pass Victoria. We have ample wharfage both in Victoria harbour and in the adjoining harbour of Esquimalt, and deep water facilities with four piers located where there is approximately thirty-five feet of water at low tide. We do a great deal of shipping off shore, sending products to all parts of the world, at a rate never before experienced in the history of the province, ships laden with lumber and other commodities; and quite often these ships come back with cargoes that could be landed in a free port area to great advantage and at less cost than they are handled through the customs. The free port area would enable these goods to be placed without having to conform to any customs regulations, and involving little expenditure of the shipper's money, the only cost involved being the maintenance of the port.

This bill, as the mover has clearly pointed out, passed the Senate without opposition, and in my opinion, at this late date, the sooner it is submitted to a committee of this house where it can be gone into thoroughly the better it will be. I have pleasure in seconding the motion.

Hon. H. H. STEVENS (Kootenay East): I believe it was in 1930 that I introduced a bill for the establishment of free port zones in Canada, so that I have had a deep interest in this subject for many years. There are many advantages in free port zones, and at the same time there are some reasons that might be advanced against such a measure, and I desire to refer to both of these.

The advantage of a free port is that those operating within such a zone are permitted to bring in materials from any part of the world free from customs imposts. There they may assemble, fabricate or refabricate or reprocess the materials brought in and export them to any part of the world, but more particularly of course into the country in which the free port zone is established. This facility or privilege has many advantages. It is my opinion that in Canada we are singularly deficient in that sort of business, whether it be in a free port zone or under the present system; that is, we have not developed in this country concerns which merchandise goods,

using the term in its old sense, and redistribute them. That is one of our weaknesses. The establishment of a free port zone in any province would undoubtedly give further impetus to the establishment of such facilities.

There are, of course, some arguments against it. One is that if you establish this free port zone near a city which has established industries, the industries in the free port would be competing with the regular industries of the country. But it must be remembered that before the goods processed in the free port zone can pass into the country they must pay the regular customs duties. So there is not much force in that argument.

On the other side, it may be pointed out that the establishment of these free zones would encourage the employment of a larger number of men in the country, because they could pass freely into the zone to carry on their day's work and pass out of the zone in the usual way. Some have argued that a free port would tend to increase smuggling; but that has not been the experience elsewhere.

There are numerous examples of the benefits of a free port or free port zone, which is virtually the same thing, and perhaps the most outstanding illustration in the world is Hamburg. Hamburg is a lineal descendant of the old free cities of Europe, the Hanseatic league, and it has maintained its freedom right down to the present day. Hamburg has a distinct advantage over many other places because it has almost at its door the Netherlands, Belgium, Germany and France, with Great Britain and other European countries close at hand. So that Hamburg as a free port area has access to probably ten or fifteen immediately adjacent customs areas. This gives it a decided advantage, and warrants beyond question the maintenance of such a system there. It is argued that in Canada we are adjacent to only one other customs area, the United States, and it is said that a free port zone, say at Halifax, or Victoria, where my hon. friend (Mr. Tolmie) is so anxious to have it, or the younger city of Vancouver—

Mr. DUNNING: Or New Westminster.

Mr. STEVENS: Or New Westminster, the hon. member for which (Mr. Reid) is absent to-night—that a free port zone in any one of these ports would not have the same range of opportunity that a port such as Hamburg has. Nevertheless, there is this advantage, that it could draw its raw materials from any part of the world, and although it would have only our big neighbour to the south as its main foreign market, it could also ship its goods abroad to more distant countries. Another of the great free ports is Hong Kong. But most of the free ports that have been established for many years past are adjacent to a number of foreign customs areas.

I am in favour of trying out a free port area in Canada. In principle I endorse the bill before us. It is a bill which would permit of a test of a free port zone somewhere in Canada. The bill is perhaps unique in that it proposes that parliament should authorize the government to permit the establishment of such a zone; in other words this is purely a permissive measure. The principle involved is whether it is wise for parliament to grant permission to a province, or to a port under its jurisdiction, to establish a free port zone. I see no objection to that. The bill is not in the form which I originally had in my own mind, but it is capable of being translated into an experiment at least. So I see no great objection to that part of the bill.

There is one feature which might receive scrutiny by the committee, if it goes to a committee, and that is the provision that not more than one such permission shall be granted in any one province. I can easily understand how in the maritimes or in the great province of Quebec, supposing you had applications from say Quebec, Sorel and Montreal, it might be difficult to say that only one of the three should receive consideration. That is a matter to which the government would need to give some thought. The same thing applies to the Pacific, where you have Victoria, Prince Rupert, Vancouver, New Westminster, North Vancouver, and all these areas might be ambitious enough to ask for the establishment of free port zones. If the bill is sent to a committee, that feature can be considered later.

I rose simply to say after many years of study of this subject that I believe it is desirable to provide facilities for testing the free port zone system in Canada. I see no harm that could come from it, and I can see great possibilities for good. It might be well for the government to keep the power within its own discretion so that the government itself might try out the plan in one of the great ports of the country, or accept an invitation from some particular place to give it a trial. On that I am not going to offer any opinion. I simply declare my own support of the promoters of the bill who desire to test the establishment of a free port system in Canada, and I trust that the bill will go to a committee. Is the minister going to speak?

Mr. ILSLEY: Yes.

Mr. STEVENS: That is what I was hoping, so that we might have some information on

the attitude of the government. Certainly I would urge the minister to allow the bill to go to a committee, if possible.

Hon. J. L. ILSLEY (Minister of National Revenue) Mr. Speaker, the bill before the house is very interesting and deserves, I think, some little attention on the part of members of the house. No one has said very much about the bill itself, and I should like to take a few moments to place on record the main provisions of this measure.

It provides that a public authority may apply to the governor in council for the right to establish, operate and maintain a free foreign trade zone. It is not quite clear from the bill what "a public authority" is. It is defined as a province or a municipality or a lawfully authorized public or private agent. I suppose those words would include any person or body corporate.

Next, the governor in council may grant to the applicant the right to establish a free foreign trade zone, and if this right is granted and the zone established, goods may be landed in such zone free of customs duties. The goods may be stored, exhibited, broken up, unpacked, repacked, assembled, distributed, sorted, refined, graded, cleaned, manufactured, treated or otherwise manipulated and mixed with any other goods of whatever origin and be exported from the zone in the original package or otherwise.

Some question has been raised as to the desirability of permitting goods to be manufactured in the zone. I may say that in the free foreign trade zone which has been established by the United States, the manufacture of goods is not permitted, for reasons which are easily understood and which it probably is not necessary to go into here. Neither are goods permitted in the United States foreign free trade zone at Staten island to be exhibited; that is, in the sense of being placed on exhibition.

Mr. STEVENS: If the minister will permit me to interrupt, the establishment of a free port zone in the United States is comparatively new, is it not?

Mr. ILSLEY: The free trade zone at Staten Island in the United States was established very recently, and began its operations on the first day of February of this year. It is still in the experimental stage there.

In the case of goods manufactured in the free zone, where this is permitted, it is not clear from the bill whether the duties are to be payable on the manufactured goods or on the materials in the form in which they enter the free trade zone; in other words it is not clear on what basis the duties would be payable if the goods should leave the foreign free trade zone and enter this country. That question was raised before the Senate committee, and it seems to have been left in some doubt.

The grantee of the privilege must provide adequate equipment and facilities. One can merely speculate upon the expense of furnishing such equipment and facilities, but the initial expenditure at Staten island is said to have been between four and five million dollars. It is a very substantial undertaking to establish a foreign free trade zone and requires an immense amount of capital. The expenditures at Copenhagen and Hamburg have been very much greater than the expenditure referred to as having been incurred at Staten island. It would be difficult to imagine a Canadian free port worthy of the name which would not involve an expenditure of several million dollars. That money is spent on piers, warehouses, et cetera. The warehouses at Staten island have a total floor space of 1,500,000 square feet. Railway facilities must be supplied as well as docking facilities, also cranes, and equipment of all sorts for handling and storing goods.

The grantee of the privilege may, with the approval of the Minister of National Revenue, under uniform regulations permit any person to erect within any zone, buildings and other structures. Rates and charges for all services or privileges within any zone shall be fair and reasonable, and shall be subject to the control of the board of railway commissioners. Every zone shall be operated as a public utility, and all persons using the zone are to have uniform treatment. Provision is made for surrender of the privilege of operating the zone after ten years. The surrender, it appears, is not compulsory but optional with the grantee, and finally the act provides that it shall not come into force until date of proclamation. That very briefly summarizes the provisions of the bill now before the house.

Mr. TOLMIE: Is it not mentioned somewhere in the bill that any expenditure involved will not be government money but private money?

Mr. ILSLEY: Yes; it is also provided that the government is not to incur any expenditure. It is necessary to have that provision either in the bill or implied from the bill; otherwise the bill would have to come before the house sponsored by the government, and not as a private bill.

I was about to say that so far as I can see, the bill is exceptionally well drafted. I fancy it is based upon the United States act,

though I am not sure about that as I have not examined their statute. The principle of the bill, I think, may be stated in these words: that it is or may be desirable to establish free ports in the Dominion of Canada. And now that the bill is before this house it appears to me that the government should face that principle, and declare its position with reference to it. It may be said, as speakers in the Senate and in this house to-night have said, that the government should accept this bill and send it to a committee for study, because it is only permissive; but I do not think we should shield ourselves behind the permissive character of the legislation.

Mr. STEVENS: I am inclined to agree.

Mr. ILSLEY: Nor do I think we should take advantage of the fact that there is a provision in the bill that the same shall not come into effect at all unless it is proclaimed. I think we must consider the arguments for and against the establishment of free ports in this country under conditions as we know them here or that reasonably may be expected to arise in the future.

In order that I may be a little more definite as to just what a free port is, perhaps I should read the definition of free ports which is contained in a publication of the United States tariff commission. This is the definition, which I think is explanatory as well as defining free ports:

> A free zone may be defined as an isolated, enclosed and policed area in or adjacent to a port of entry, without resident population, furnished with the necessary facilities for lading and unlading, for supplying fuel and ship's stores, for storing goods and for reshipping them by land and water; an area within which goods may be landed, stored, mixed, blended, repacked, manufactured and reshipped without payment of duties and without the intervention of customs officials. It is subject equally with adjacent regions to all the laws relating to public health, vessel inspection, postal service, labour conditions, immigration, and, indeed, everything except the customs.

The arguments for the establishment of free ports are these: It is pointed out by the advocates of free ports that there has been a steady growth in the number of these ports throughout the world during the past fifty years. There are many free ports in Europe. They are found in Germany, Denmark, Italy, Roumania, Spain, and I think perhaps in one or two other countries whose names do not occur to me at the moment. There are none in Great Britain, France, Belgium or the Netherlands. Two of these free ports of Europe have admittedly proved successful, namely, those of Hamburg and Copenhagen. If members of the house are interested in conditions at Hamburg particularly, and in free ports generally, they might advantageously consult a statement made by the present leader of the opposition (Mr. Bennett) when he was Prime Minister. His statement appears in the debates of Wednesday, June 27, 1934, at page 4350, and contains much useful information on the subject of free ports.

I presume the free port of greatest interest to Canadians is the one on Staten island, New York, which is still in its experimental stage. It is a significant fact, and one cited with satisfaction by the advocates of free ports, that as the years go on, more and more of them are established. The advantages of a free port are easily stated, and may be summed up in the observation that the fewer restrictions there are on trade, the more trade there will be.

I have before me a statement of some of the activities which might reasonably be expected to be carried on in free ports. The kind of foreign trade zone handling which could be expected in connection with wool manufactures would be: Storage, breaking down of cases, repacking, dyeing and water proofing, and re-exporting. In connection with tobacco there would be: Curing and processing, blending, sorting, grading, transshipping and re-exporting. In connection with cotton there would be: Storage, breaking down of cases, dyeing, bleaching, mercerizing, repacking and re-exporting. Details could be given in regard to a long list of articles I have in my hand, all of which might be expected to be handled advantageously in free ports.

It is reasonable to assume that if goods can be landed without payment of duty and reexported without the red tape involved in bonding, releasing from bond, and drawbacks, the import and export of goods into and out of a country would be facilitated. This fact has been developed fully by advocates of free ports before the senate committee of last year, which sat again this year, and in a large amount of literature on the subject. I think that perhaps more could be said in favour of free ports than I have said, but substantially I believe I have presented the argument for their establishment.

Against the establishment of free ports in Canada, there are some very strong and forceful arguments. The opponents of the proposal state their criticisms mainly under four heads. In the first place they say that conditions in Canada would not make for the success of free ports here. Hamburg and

Copenhagen are successful because there are twenty-five or twenty-six customs areas in Europe near them. The hon. member for Kootenay East (Mr. Stevens) has pointed out that fact. Most of those areas have no ports possessing the facilities of either Hamburg or Copenhagen, nor do they have the steamship services which are as good as those services touching Hamburg and Copenhagen. It is natural for the exports and imports of Europe to go by these fine steamship services to these great ports where facilities are adequate, and there be landed, reassembled, manipulated or redivided and sent here and there to the various customs areas which surround and are not far from the free ports of Hamburg and Copenhagen. As a matter of fact, I believe I have read that at Copenhagen the water is considerably deeper than it is in many of the other ports, so it can readily be understood how advantageous it would be to use a port like Copenhagen under conditions such as those.

One finds it difficult to imagine a similar situation here in Canada. It is not reasonable to assume that we would reexport a very large quantity of goods to the United States from our free ports, because if goods are destined from overseas to the United States they are more likely to be shipped directly to a port of that country, which would be as well equipped as ports in Canada, would be fully adequate, and the steamship service of which would be as satisfactory and efficient as that connecting with Canada.

So the conditions which exist in Europe and which have been responsible for the success of some of the free ports there, notably those of Hamburg and Copenhagen, do not exist in Canada. I do not know that there are many other countries to which transshipment from Canada could reasonably be expected. I am told the steamship service connection with South America is excellent, and South American ports are good; but it is questionable whether goods would be sent to Canada to be divided up and put together again in different combinations and be sent to South America.

So far as reshipment to British dominions is concerned, we now have drawback provisions which enable reshipment without the payment of duty We do not even have to manufacture goods in Canada for reshipment to ports of the British Empire in order to qualify them for the payment of the drawback. What is true on the Atlantic coast I believe is true also on the Pacific coast. In other words, conditions in Canada are not parallel to those in Europe which have been responsible for the success of free ports there.

The second consideration advanced by the opponents of free ports is that our bonding facilities and drawback system render free ports of little additional value in Canada. I have had a memorandum prepared setting out bonding provisions in Canada. I may say that our bonding system is modelled on the English system. It is frequently said, and I believe truly, that it is because of the excellent bonding system of Great Britain that free ports have not been established there. It is sometimes said that the reason free ports have not been established in Great Britain is that when Great Britain was on a free trade basis the whole country was a free port. However, a great many articles have always been dutiable going into Great Britain, and I think the real reason why free ports have not been established there is to be found in the facilities they furnish for bringing goods in, putting them into bond, and then shipping them out again from bond. We have modelled our bonding system on that of Great Britain.

It is provided by section 75 of the Customs Act that any goods imported into Canada may, without payment of duty thereon be entered for exportation or for warehouse. An importer may obtain a bonded warehouse upon providing suitable premises for the storage of goods which he does not desire to enter for duty. The owner of any warehoused goods may remove the same in bond from one warehousing port to another warehousing port, or from one warehouse to another in the same port, and there may be transfer of property in warehoused goods.

The owner may sort, pack and repack goods in bond, and make any lawful arrangements respecting such goods and take samples therefrom without payment of duty. That is provided by section 84.

Mr. STEVENS: Does the provision of the act covering repacking permit of repacking to an extent other than repairing the package, or putting the goods into better shape in their present form? Does it permit what might be called reprocessing or dividing the packages into entirely different packages, or bottling, or the packaging of bulk goods?

Mr. ILSLEY: I cannot just tell my hon. friend how far it goes. There is no doubt that it does not include what is called " processing," but it does cover packing and sorting and repacking, which would permit the division of goods.

Mr. STEVENS: The minister will correct me if I am wrong, but I was under the impression that it was limited to dealing with

the original packages, to repairing or reconditioning the package rather than making a new package.

Mr. ILSLEY: I should think the words would cover further operations than that. I am not just familiar with the exact limits of the bonded warehouse. If there was any demand, I have no doubt it could be extended within the wording of the present act.

Mr. DUNNING: Some goods are bottled in bond.

Mr. ILSLEY: If the goods imported are for home consumption, the duty provided by the customs tariff is paid; but if they are taken out of bond and exported from the country, no duty is paid. Those are the bonding facilities which we provide in the dominion. Many persons who have made a study of this matter regard this as abundantly adequate to cover the requirements of the situation.

Then we also have the drawback system in this country. Regulations made under authority of sections 286 and 287 of the Customs Act permit the repayment of ninety-nine per cent of the duty paid on imported goods manufactured or wrought in Canada and exported from the country. This permits the manufacture of goods in this country without payment of duty on the materials. The duty is paid, but when the goods in processed form are exported from the country the duty is returned by the government. The result is that those desiring to manufacture in this country for export find it easy to do so. The worst that can be said about this system is that the duty is tied up for a while. The government keeps one per cent, I presume as a charge for supervision or for checking and finally paying back the money.

Mr. BENNETT: For the book-keeping entries.

Mr. ILSLEY: The drawback system of this country is designed to encourage manufacturing for export. This system is quite extensive. It does not apply only to manufacturing; it applies to certain other operations such as the repairing of ships, which it is not necessary to go into at this time. There are several orders in council regarding drawbacks.

The third objection put forward by the opponents of free ports in this country is that their establishment would undoubtedly complicate and render difficult the work of the customs division of the Department of National Revenue. There are some minor difficulties which possibly could be straightened out by legislation. One is the question that would immediately arise as to which one of our three tariffs would apply to goods assembled or manufactured in the free port zone.

The question of whether the general, intermediate or British preferential tariff would apply would have to be dealt with by legislation. I have no idea which tariff would apply under our present legislation. It would be something like an importation from Canada into Canada, and I do not know whether the British preferential would apply. This is not covered by the existing legislation, but I do not suppose the difficulty is insurmountable.

The chief objection from the customs standpoint is the necessity of expensive policing. It must be remembered that a free port, is for customs purposes, a bit of foreign country within one's own country. A situation of this sort gives the greatest possible opportunities for smuggling. In Hamburg there are forty-one customs stations between the free trade zone and the German territory adjoining. On the waterfront there are sixteen miles of palisades, including one mile of floats. At New York the most elaborate safeguards against smuggling have been provided. I believe the area is walled in, and that there is also extensive flood lighting at nights. All this would be very expensive if done in Canada and would impose a substantial additional charge upon the government. If a free zone was established at Montreal, Halifax or elsewhere, near some city, and was filled with goods upon which the duty had not been paid, the greatest care would have to be taken, and at great expense to prevent smuggling.

The fourth objection is that these free port facilities would be in competition with our present harbour facilities which have been provided at great expense to the country in many of the ports of Canada. Canada has spent huge sums upon developing its existing harbours. While the bill imposes no expenditure from the public revenues of Canada, it would appear to me to be almost inevitable that if the dominion once granted the privilege of operating a free trade zone or zones, the grantees and their friends would demand federal assistance. They would want to know why millions should be spent for the benefit of those using the ordinary harbours and customs ports while nothing was being spent for the benefit of those using the free ports. I do not think this is a fanciful objection. If a free port proved a failure financially and was on the point of being dismantled, undoubtedly the dominion government would be called upon to save it by subsidies or take it over and operate it direct. This objection is urged by the opponents of the scheme with considerable force.

There is one feature of this bill to which I desire particularly to direct the attention of the house. So far as the government is aware there is no demand for these privileges on the part of any person or group of persons who are prepared to make any investment or expenditure whatsoever. This enactment is not to meet a current situation. There is an academic air about it. We are being asked to put it on the statute books and then some day someone may see the bill and say: Possibly we can take advantage of that. This is out of line with the ordinary run of legislation with which we are acquainted. Ordinarily a bill is introduced to meet the exigencies of a current situation. The danger of passing a bill under circumstances such as these is that when a situation arises requiring the application of the bill, the bill is usually found to require vital amendments. Without having any actual situation in mind, we are being asked to place on the statute books a measure which may be found entirely inapplicable when a definite demand arises.

Mr. TOLMIE: Is it not a fact that at the present time an offer exists to establish a free port in Montreal?

Mr. ILSLEY: Not so far as we know.

Mr. TOLMIE: The press has reported that there are several million dollars available. Whether it is true or not, I do not know.

Mr. ILSLEY: I have heard the rumour, but so far as the government is concerned we know of no one who is prepared to advance any money for the establishment of a free port at Montreal or elsewhere. The Montreal board of trade have made the strongest possible report against this measure. The board of trade of Halifax, which might be expected to be interested in this measure, has stated that it does not desire to commit itself. I was reading the other day a telegram sent by that board to the Senate committee, and contained in its records. Toronto, of course, is against it, and the board of trade of Vancouver is also opposed. I do not know how representative the board of trade of Vancouver is, but I have on my file a telegram from that organization expressing its opposition to the establishment or to legislation authorizing the establishment of free ports in the Dominion of Canada.

Mr. MacNEIL: Has the minister not received a communication from the board of trade of North Vancouver requesting a free trade zone in that area?

Mr. ILSLEY: I did not notice anything from North Vancouver in this file, and I do not think any such message is here.

Mr. LAPOINTE (Quebec East): From the leading boards of trade.

Mr. ILSLEY: There is a request from Victoria for such legislation. It is supported by a long brief, with which, I know, the hon. member for Victoria (Mr. Tolmie) is familiar, but the purport of the brief is rather this, that if free ports are established anywhere, one should be established at Victoria, and there is not the slightest evidence that anyone in Victoria is prepared to advance any money for the purpose or that the city of Victoria itself is willing to go to any expense in this direction.

Mr. TOLMIE: I ask the minister if there is any disgrace about trying to insist that a free port be placed in Victoria, because I represent the constituency. Just another point. The matter was brought up after I had left for Ottawa, and the brief was prepared by the board of trade of that city.

Mr. ILSLEY: I have not the slightest reason for thinking that Victoria would not be the ideal site for a foreign free trade zone. But the point I am attempting to make at the present time—

Mr. DUNNING: Did the minister notice the horse laugh from Vancouver?

Mr. ILSLEY: —is simply this, that while Victoria would not object to the dominion government establishing a free port at Victoria, there is apparently no idea at all that the province or the municipality or any private interests would expend money upon the establishment of such a port.

Mr. TOLMIE: I think the minister must admit that we must first be given the opportunity to establish a free port before it can be judged whether the money will be forthcoming or not.

Mr. ILSLEY: I do not think so. With regard to the attitude of boards of trade generally, the chamber of commerce of the Dominion of Canada have presented a brief opposing this legislation. I do not say that the attitude of boards of trade is conclusive, but I think it is significant that there is nowhere in the whole dominion any group of persons, so far as we are aware, that would take advantage of this legislation and invest any money in the establishment of free ports. If some one would come forward with a definite project and satisfy us that those whom he represented meant business, cer-

tainly it would be our duty to consider whether or not facilities should be provided by legislation, but until something of that sort takes places it is doubtful whether the government would lend itself to a measure which under present conditions is largely academic.

With regard to what the government should do about this measure, I listened to what was said by the hon. member who moved the second reading, and I understand it to be his wish that the bill should go either to the committee on banking and commerce or the committee on miscellaneous private bills. Had the bill got before this committee at an earlier stage, that, I conceive, would have been the right thing to do with it; and I have been prepared for the last three or four weeks, when we have been discussing on Tuesday and Friday nights these loan company bills, not to concur in my hon. friend's motion but to move that the bill be not read at the present time but that the subject matter thereof be referred to the standing committee on banking and commerce. However, it appears to me that to make such a motion at this stage of the session would be unwise; it would not mean very much. If this measure is gone into by a committee it will take much longer than three or four days; it will require several weeks, for it will be necessary to go into the matter fully. I know that a great many hon. members are interested in the subject, and it would be unfair to send it to a committee just before we are about, as we hope, to prorogue and expect it to receive any adequate consideration. So I do not think we should take that course. The government is not prepared at this stage to accept the bill, although under ordinary conditions it would be prepared to have the subject matter of the bill considered by one of the standing committees of the house.

Mr. RYAN: Has the minister received any communication with reference to this matter from the Saint John board of trade?

Mr. ILSLEY: I will look over these communications. Personally I have not had any communications from boards of trade.

Mr. RYAN: I have had some correspondence on the subject, and I think the Saint John board of trade is in favour of the principle, but my impression is that they feel that the government should establish the free port.

Mr. ILSLEY: If the hon. member will permit, I will see if there is any telegram to the Senate committee from the Saint John board of trade. I do not recall having seen any. I do not see here any communication from the Saint John board of trade. I think I said that the Halifax board of trade wired that owing to not having had sufficient time to study the bill, the council of the board of trade was not prepared at present to commit itself.

Mr. ISNOR: What is the date of that telegram?

Mr. ILSLEY: The date is not given here. The telegram came to the Senate committee this year. There are also rather long telegrams from the Vancouver board of trade and certain other boards of trade.

Mr. SPEAKER: It being nine o'clock, the house will revert to the business under consideration at six o'clock.

Motion stands.

COMBINES INVESTIGATION ACT

PROVISION FOR ADMINISTRATION BY COMMISSIONER UNDER MINISTER OF LABOUR

The house resumed consideration in committee of Bill No. 41, to amend and consolidate the Combines Investigation Act and amending act—Mr. Rogers—Mr. Sanderson in the chair.

On section 23—No witness excused from giving evidence on ground it may incriminate him.

Mr. THORSON: Mr. Chairman, at the six o'clock adjournment I was dealing with the action taken by the Senate in 1935.

Mr. BENNETT: And you were just reading the section of the bill as finally passed.

Mr. THORSON: I was reading the section of the statute as it was finally passed. Section 24 reads as follows:

> No person shall be excused from attending and giving evidence and producing books, papers, or records, in obedience to the order of the commission, on the ground that the oral evidence or documents required of him may tend to criminate him or subject him to any proceeding or penalty, but no such evidence or documents so required shall be used or receivable against such person in any criminal proceedings thereafter instituted against him, other than a prosecution for perjury in giving evidence upon such investigation, inquiry, cause or proceeding.

When the Senate amendment came back to the House of Commons the leader of the opposition, then the prime minister, asked the House of Commons under protest to accept the amendment made by the Senate.

The law has remained in this position since that time. In the session of 1936 the present Prime Minister introduced on June 11, Bill No. 97. That bill received its first reading

on that date, and on June 12 it came before the house for second reading. The bill consisted of two sections, the one in question being:

No person shall be excused from attending and giving evidence and producing books, papers or records, in obedience to the order of the commission, on the ground that the oral evidence or documents required of him may tend to criminate him or subject him to any proceeding or penalty, but no such oral evidence so given shall be used or receivable against such person in any criminal proceedings thereafter instituted against him, other than a prosecution for perjury in the giving of such evidence.

An effort was made in this bill to restore section 24 of the Combines Investigation Act to the form which it had had in the Revised Statutes of 1927. The bill received second reading, went through the committee stage, and received third reading on June 12 without any opposition, and indeed without any debate other than the remarks of the Prime Minister; in the course of his remarks he read a letter dated May 6, from George H. Sedgewick, chief commissioner of the Dominion Trade and Industry Commission of Canada. I shall refer to that letter presently.

The Senate rejected the amendment proposed by the House of Commons and restored the legislation as it had been enacted by them in 1935. When the Senate amendment came back to the House of Commons, on June 20, I believe it was, the House of Commons passed a motion of non-concurrence, in these words:

That a message be sent to the Senate to acquaint their honours that this house disagrees with their amendment to Bill No. 97, an act to amend the Combines Investigation Act, for the following reason:

Because the amendment of their honours would have the effect of exempting documents which are ordered to be produced during an investigation from use in any subsequent criminal proceedings against the person producing them, thereby rendering impossible effective enforcement of the Combines Investigation Act.

This motion was passed unanimously by the House of Commons on June 20, 1936. The same day the matter came before the Senate again, and the leader of the government in the Senate moved that the Senate do not insist upon its amendment. This motion made by the government leader in the Senate was negatived and the Senate insisted upon its amendment.

The situation therefore is this, that the Senate has on three occasions refused to accept the legislation passed unanimously by the House of Commons—once in the session of 1935, when the leader of the opposition was Prime Minister, and twice last session.

A very serious question of principle is involved. I submit that the Senate amendment, as I shall term their action, takes the heart out of the Combines Investigation Act. So long as the Senate amendment remains as part of the law of this country it is impossible for any person charged with the administration of this act to conduct a thorough investigation without rendering almost impossible a subsequent successful prosecution. The commissioner who will be charged with the conduct of investigations under the provisions of this act will now be placed in this dilemma: either he cannot safely make a thorough investigation, or, if he makes a thorough investigation, the chances of a successful prosecution are very remote. Indeed, the more thorough the investigation, the less chance there is of a successful prosecution.

These are not merely my own opinions. In the submission which I make, I am supported by opinions the weight of which is very great. I referred a moment ago to a letter written by George H. Sedgewick, chief commissioner of Dominion Trade and Industry Commission of Canada, addressed to the Right Hon. W. L. Mackenzie King, Prime Minister, and dated May 6, 1936. The whole of that letter is set out at page 3651 of Hansard of June 12, 1936. I do not intend to quote the whole of the letter but I shall make reference to certain portions of it. Judge Sedgewick states:

In my opinion it would be absolutely unsafe to go on with an investigation—at least an investigation which might be expected to result in a criminal prosecution—without an amendment to section 24 of the act.

Further on he makes this statement:

I am quite satisfied in my own mind that the Dominion Trade and Industry Commission —of which I am chief commissioner—would not risk having an investigator require the production of any documents until this act is amended.

That is the opinion of a distinguished judge. Judge Sedgewick goes on to say:

I hope it may not be considered presumption on my part to say the amendment suggested is indispensable to a proper administration of the Combines Investigation Act.

The law officers of the crown have expressed the same opinion. The Justice department gave an opinion to the Prime Minister which the Prime Minister read to the house on June 20, 1936. It appears on page 3992 of Hansard of 1936, and reads as follows:

With respect it is suggested that there is a misapprehension on the part of the members of the Senate as to the effect and purpose of the amendment to section 24. As the section now stands if a person investigated is required to produce the agreement which is objected to

as offending against the act, section 24 renders this agreement thereafter inadmissible in a prosecution of such person. Surely such a document should be admissible against him if properly proved, i.e., by oral evidence other than his own.

And I understand that is the view taken by the right hon. leader of the opposition (Mr. Bennett).

Mr. BENNETT: That is the view I expressed in the house.

Mr. THORSON: The Department of Justice opinion goes on to say:

The purpose of the amendment is not to render admissible documents otherwise inadmissible, but to provide that admissible documents are not inadmissible.

If the section stands, the best thing that could happen to a person guilty of combining in restraint of trade is to be required on investigation to produce the documents proving the offence. Thereafter he will be immune from conviction by means of the agreement.

Then the Deputy Minister of Justice wrote to the government leader in the Senate on June 18, 1936. The letter to Senator Dandurand reads as follows:

In reply to your letter of the 18th instant I may say that the view expressed by Judge Sedgewick in his letter to the Prime Minister of the 6th May, 1936, is that which I have entertained from the outset with regard to this matter. I am of opinion that if the Combines Investigation Act is to be effectively administered section 24 should be amended so as to provide that documents the production of which is ordered by the commission in an inquiry under the Combines Investigation Act should be admissible in any subsequent criminal proceeding.

Mr. BENNETT: Perhaps that is too broad.

Mr. THORSON: With deference I would take some exception to his use of the word "admissible."

Mr. BENNETT: Quite.

Mr. THORSON: I propose to deal with that point in a moment.

Now Bill No. 41 is before the committee. Section 23 reads as follows:

No witness who is required by the commissioner in an investigation under this act to answer any question or to produce any book, paper or record shall be excused from answering such question or producing such document on the ground that the answer or document required of him may tend to criminate him or subject him to any proceeding or penalty; but no oral evidence given by such witness in such investigation shall be used or receivable against him in any criminal proceeding thereafter instituted against him, other than a prosecution for perjury in giving evidence in such investigation or proceeding.

It will be noted that this section differs slightly from the section that was introduced last session. The difference is this, that last year the following phrase was used—"no such evidence so given," and this year, the phrase used is "no oral evidence given." I submit that the present section therefore gives to a witness who appears before the commissioner even greater protection than was given by the section contained in the bill last year in respect of oral evidence.

Mr. BENNETT: There is not much difference; "so given" and "given" do not differ much.

Mr. THORSON: The additional protection given is this, that in the bill presented to the house last year protection was given only to oral evidence that the witness was required to give. That protection is now extended to any oral evidence given by the witness, even if he volunteers that evidence.

Mr. BENNETT: I think that would be too narrow a construction, because he is summoned before the commissioner.

Mr. THORSON: There may be a difference of opinion with regard to the submission which I now make, but I do submit that even greater protection in the matter of oral evidence is given by this bill than was ever given before. But of course the bill now before the committee does not extend that protection to documents. A year ago the leader of the opposition expressed himself in agreement with the Prime Minister. He made this statement, as reported at page 3992 of Hansard, 1936:

Mr. Speaker, it will be recalled that last year I asked the house, under protest, to accept the amendment made by the Senate. It was in the closing days of the session and I disagreed with the view taken by the Senate but in order to close parliament the general sense of an amendment similar to this from the Senate was adopted. I disagree with the action taken by the Senate now, and I think a conference is highly desirable. I have thought a good deal about the matter and the only explanation I can give—and I say it with deference—is that there is a confusion in terms, and they have used the word "admissible" in a wrong sense.

Then when the matter came back from the Senate, after they had made their amendment, the leader of the opposition commented upon the action of the Senate again. He said:

I think the Senate is entirely in error in rejecting the proposals we have made in the measure we passed. I think so for the reason I gave in the house the other day, and I will not repeat it. I also feel confident from my knowledge of the members of the Senate as reasonable men, that if they understood clearly the effect of our proposal they would not so summarily reject it.

That was the opinion expressed by the right hon. leader of the opposition last year and, as I understood him this afternoon, concurred in by him now.

Mr. BENNETT: Quite right.

Mr. THORSON: I have read the whole of the debate that took place last year in both houses, and I am inclined to agree with the opinion expressed by the right hon. leader of the opposition that there was confusion in the mind of the Senate last year. Certain arguments were put forward in the Senate last year and I think it might be useful to examine these arguments and determine whether they are well sustained or whether they are ill-founded. As I do so, I would appreciate the assistance of hon. members in correcting me if I make any statements that are incorrect.

The view was expressed a year ago in the Senate that it was a fundamental principle of British jurisprudence that no man should be compelled to convict himself. Throughout the debate in the Senate that view was expressed, and it was intimated that the amendment proposed by the House of Commons would violate that principle and compel a man to convict himself.

Mr. BENNETT: They drew a distinction also between seized papers and papers voluntarily produced, did they not?

Mr. THORSON: Yes, but at the moment I am dealing with this point. It was urged that an accused person was being deprived of his defence. I submit, Mr. Chairman, that the amendment proposed in section 23 of this bill does no such thing. It does not violate the fundamental principle of British justice to which reference was made, and when the argument is advanced that it does violate that principle, there is a misconception of the purpose and effect of the section. The amendment that is now before the committee does not propose to make anything admissible that was not previously admissible.

Mr. BENNETT: No, it does not purport to make anything admissible; it leaves it to the courts.

Mr. THORSON: I shall deal with that point in a moment. It does not propose to make anything admissible—

Mr. BENNETT: Quite.

Mr. THORSON: —by itself. It does not dispense with proper proof of the document. The misconception that existed in the Senate was that it was there assumed that merely because a person had been required to produce a document and had been asked questions with regard to the document and the signature to the document, the document was automatically proof against that person in a subsequent prosecution. No such thing is possible under this proposed amendment. This amendment does not bar any valid ground of objection to the admissibility of the document on the ground of relevancy. If a document is irrelevant, that ground of objection may still be taken.

Mr. BENNETT: It does not affect any ground which under the laws of evidence would warrant its rejection.

Mr. THORSON: Exactly. The proposed amendment does this: It protects the person who is required to produce that document from everything he says about the document. Whatever he says about the signature of the document, or about the form of the document, or about the circumstances attending its execution—all that is protected. Nothing that he says about the document can be used or received against him in a subsequent prosecution. What he says about the document is neither usable nor receivable, and the protection is as complete as it could be as regards oral evidence. The document does not become automatically admissible in a prosecution. I believe if thought were given to this fact the misconception that was in the minds of the Senate would be removed.

The Senate amendment goes further. Not only does it protect a person from what he said with regard to the document; it also protects him from what he actually did. If a person is required by the commissioner to produce a document, that is, a necessary document, he is immune from prosecution as long as the Senate amendment remains in force. He is immune even if the document can be proved by someone else or in some other way, for the Senate amendment makes that document inadmissible. It follows, therefore, that if a man is charged with being privy to a combine and the essence of the combine is the making of an agreement, and he has been required by the commissioner to produce the document that proves the agreement, thereafter it cannot be proved against him that he was a party to that agreement because the best proof of there having been an agreement is the production of the document; and if the document may not be used or received against him it is impossible to prove that he was a party to the agreement.

Mr. BENNETT: They may call the other party to the agreement with his copy of the document.

Mr. THORSON: But it cannot be used against him.

Mr. BENNETT: It can be used against the other man.

Mr. THORSON: I propose to deal with that point in a moment, and I think I shall

be able to show that where parties are tried together, if the document may not be used or received against one of the parties, it may not be used or received against the other.

Mr. BENNETT: Quite so, but I was talking about separate trials.

Mr. THORSON: Well, sometimes if resort must be had to separate trials there will be complete failure in the prosecution, particularly in such a crime as conspiracy.

Mr. BENNETT: In conspiracy, yes.

Mr. THORSON: And the element of conspiracy is frequently to be found in combines.

Mr. BENNETT: Yes, but this statute deals with other than conspiracy, remember.

Mr. THORSON: Yes. The Senate amendment makes the document inadmissible once the person has been required to produce it. It has this effect: It makes a document inadmissible that was previously admissible under the previous law.

Mr. Chairman, the amendment made by the Senate in 1935 is, I submit, an indefensible amendment, for these consequences will result, as long as the Senate amendment is part of our law. If a commissioner is conducting an investigation he will not dare to require the production of the basic document, the document proving the agreement that may be the essence of the combine, because if he does require the production of that basic document, such basic document will not be available in a subsequent prosecution. How, then, can the commissioner who does not dare call for the production of the basic document make a proper investigation if he has not before him that basic document? How can he, then, form an opinion as to whether there has been a combine or whether there has not been a combine? Yet, if he makes a thorough investigation and requires the production of the basic document, then the basic document cannot be used against the witness, and the chances of a successful prosecution are very remote.

If a thorough investigator desires to do his duty and requires the document to be produced, which is the only real proof of the agreement which constitutes the combine, then the witness is immune from prosecution if he obeys the order of the commissioner and produces the basic document. Mr. Chairman, that destroys the whole act. It takes the heart out of the Combines Investigation Act.

There are a number of other matters that I think ought to be placed upon the record.

The argument was made a year ago that the proper step to take by a commissioner conducting an investigation under the provisions of this act was to take out a search warrant, and obtain possession of the necessary documents under that search warrant. Now apart from any question of doubt there may be as to the right to issue search warrants under the Combines Investigation Act, let us suppose that a search warrant has been taken out, and that under the search warrant possession has been taken of a document. The document is found; the witness is called; he is required to answer certain questions. The document is presented to him, and he is questioned with regard to it. He is asked whether he signed the document; he is asked questions relating to the execution of the document. What he says about the document may not be used or received against him in a subsequent prosecution, if the document is found as the result of the issue of a search warrant, any more than if the witness is required to produce it. The witness is no better off, and no worse off, whether the document is produced to the commissioner in obedience to the commissioner's orders, or whether the document has been found as a result of a search warrant and then presented to the witness for questioning. The only difference between the procedure of issuing a search warrant, and of asking a witness to produce a document, is that one is a haphazard method and the other is a regular method. There would be less disorder and less confusion to the person who has the document if he is required to produce it than if it is taken from him under a search warrant.

Mr. BENNETT: There is no protection in a criminal proceeding if it is taken under a search warrant. It can be produced as evidence at subsequent proceedings.

Mr. THORSON: Yes. But my point is that the mere production of the document does not make it proof.

Mr. BENNETT: Quite.

Mr. THORSON: And what the witness says about it cannot under any circumstances be used or received against him.

A further argument was advanced in the Senate a year ago. The question was asked: What distinction is there between oral evidence and documentary evidence? If we protect a man from his oral evidence why should we not protect him also against documentary evidence? The distinction is a very important distinction because of the nature of the act which may constitute the offence in this particular case.

Usually in the case of a combine that is a combination, the essence of the offence is the making of an agreement. The best evidence of the making of that agreement is the agreement itself; that is, the document of agreement. Now because a person is protected from having what he said used or received against him in a subsequent prosecution is no justification for extending that protection against what he actually did. Yet that is what the Senate amendment does. It not only protects the person who is required to appear before the commissioner from what he said; but it also protects him from what he actually did. That is so for this reason, that if he is required to produce the document, then the document is inadmissible; and then if he is subsequently tried it will be impossible to prove that he made the agreement, because the only proof of the agreement, namely the document of agreement, is rendered non-usable and non-receivable by the Senate amendment. He cannot be prosecuted under those circumstances as long as the Senate amendment remains.

There was one other incorrect statement of law expressed a year ago in the Senate. It was stated that the Senate amendment had no application to companies. I am surprised that that statement should have been made, and I challenge its accuracy. Let us suppose that a corporation is being investigated and that the corporation has been party to an agreement that constitutes a combine, and the commissioner desires to obtain the production of the document proving such agreement. If he issues an order to the secretary or some other officer of the corporation to produce that particular document, the secretary or other officer may say, and quite properly: "That is not my document. That document is not in my possession and I will not produce it." The secretary or other officer could not be committed for contempt for refusing to obey the order of the commissioner because the document was not his document and was not in his possession. It would be a document belonging to the corporation and in the possession of the corporation. If the commissioner desired to obtain that document he would have to issue an order directed to the corporation, and the corporation would have to obey. The corporation could make production of that document only through an individual, but when such individual produced the document it would be the act of the corporation. The corporation would be acting through him, and it would be the corporation that was producing the document.

If the Senate amendment stands and that document is produced by the corporation through its secretary or other officer, then the corporation is protected from that document and the corporation is immune from prosecution if the document is essential to the prosecution.

The Senate amendment is designed to make a thorough investigation impossible or, if the investigation is a thorough one, to make a subsequent successful prosecution impossible. The more thorough the investigation is the less possibility there is of successful prosecution. The authority whose duty it is to administer this act, and to conduct the investigations that ought to be had under it, are put in the dilemma of either not being able to investigate properly or of not being able to conduct a successful prosecution. The Senate amendment puts those persons who are guilty of a combine in a stronger position, after an investigation has been made than they were in before. This is an intolerable position.

The complaint is made that rights are taken away by this bill. May I point out that the Combines Investigation Act was passed for the purpose of protecting the public, whether producers or consumers. It was an act passed for the public welfare and to protect the public interest. I totally disagree with the remarks made this afternoon by the hon. member for St. Lawrence-St. George (Mr. Cahan) when he described this legislation as being dictatorial. We have reached a stage in this country when it is desirable to provide adequate machinery for thorough and complete investigation into alleged combines. Industry is well organized and can look after itself. If it conducts itself properly, industry has nothing to fear from this bill. An agreement does not necessarily become a combine. The conservation of property does not necessarily create a combine within the meaning of this bill. Persons engaged in business may associate with one another for the purpose of eliminating extravagant or wasteful competition and for the purpose of conducting their business in a more efficient manner. They will have nothing to fear so long as their organization has not operated or is not likely to operate to the detriment of the public. The public interest is, however, paramount and the purpose of this legislation is to protect the public interest and to protect all the people of Canada. One of the purposes of this bill is to ensure that competition shall be free. If persons combine unfairly and in such a manner as to endanger the welfare of the public by eliminating free competition, they will be infringing the provisions of this bill. The argument has been made that this legislation goes too far. May I

point out that where business becomes intricate and complex, it is necessary to devise adequate machinery to check possible combines. We have many examples of legislation of this kind.

The CHAIRMAN: I do not like to interrupt the hon. member, but he has exceeded his time considerably.

Sir GEORGE PERLEY: Let him finish.

Mr. ROGERS: Mr. Chairman, in the circumstances I would ask that the hon. member be permitted to continue.

Sir GEORGE PERLEY: If the hon. gentleman wishes to take a few minutes longer to finish, I think the committee will be quite willing to have him do so.

Mr. BLACKMORE: I should be pleased if the hon. member were permitted to finish. He has been doing very well.

The CHAIRMAN: He can do so only with unanimous consent.

Mr. THORSON: I thank the committee for its indulgence. The question is intricate, and I thought it would be desirable to have all the facts on the record. A number of provincial statutes have been passed for the purpose of conducting investigations. Under the provisions for investigation contained in the acts of the various provinces for the prevention of security frauds, documents produced in an inquiry are not thereby rendered inadmissible in any subsequent criminal action against the person who produced them. These acts are similar to the Combines Act in respect of the fact that they provide special means for investigation to determine whether certain classes of business operations are being conducted in an illegal manner.

Subsection 1 of section 15 of the Security Frauds Prevention Act of New Brunswick, which contains the provision of that act by which it is indicated definitely that no person shall be entitled to claim any privilege in respect of documents required on the ground that he might be incriminated thereby, reads as follows:

15. (1) The board, or any person or persons to whom as its representative or representatives it may, in writing, delegate such authority, may examine any person, company, property or thing whatsoever at any time, in order to ascertain whether any fraudulent act or any offence against this act or the regulations has been, is being or is about to be committed, and for such purpose shall have the same power to summon and enforce the attendance of witnesses and compel them to give evidence on oath and to produce documents, records and things, as is vested in the supreme court or a judge thereof for the trial of civil cases, save that the provisions or rules of court or of law relating to the service of subpoenas upon and to the payment of conduct money or witness fees to witnesses shall not apply, and save further—

And this is the important part.

—that no person shall be entitled to claim any privilege in respect of any document, record or thing asked for, given or produced, on the ground that he might be incriminated or exposed to a penalty or to civil litigation thereby, and no evidence given shall be privileged except under the Evidence Act and the Canada Evidence Act, and save further that no provisions of the Evidence Act shall exempt any bank or any officer or employee thereof from the operation of this section.

There is similar legislation in each of the provinces. In Nova Scotia there is the Securities Act, which was passed in 1930, where the corresponding section to the one which I have read in the case of the New Brunswick act is section 10. There is also the Securities Act of Quebec, passed in 1925, section 10; the Securities Act of Ontario, passed in 1930, section 10; the Securities Act of Manitoba, passed in 1929, section 9; the Security Frauds Prevention Act of Saskatchewan, passed in 1930, section 9; the Securities Act of Alberta, passed in 1930, section 9; the Securities Act of British Columbia, passed in 1930, section 10. Every one of these provincial acts contains provisions similar to the provision of the New Brunswick act that I have just cited.

Section stands.

Progress reported.

WAYS AND MEANS

CUSTOMS TARIFF

The house in committee of ways and means, Mr. Sanderson in the chair.

Customs tariff—398b. Tubing of iron or steel, not joined, not more than 5/16 inch in diameter, with one end swaged, or swaged, split and spread, but not further manufactured, when imported for use in the manufacture of fishing rods: British preferential tariff, free; intermediate tariff, 7½ per cent; general tariff, 15 per cent.

Mr. DUNNING: This is an entirely new item to provide rates of free, 7½ per cent and 15 per cent on certain small steel tubing used in the manufacture of fishing rods. The tubing is not made in Canada. It was dutiable formerly under the general item at 15, 27½ and 30 per cent.

Item agreed to.

Customs tariff—409e. (ii) Fruit and vegetable grading, washing and wiping machines and combination bagging and weighing machines, and complete parts thereof; machines for topping vegetables, and machines for bunching and/or tying cut flowers, vegetables and nursery stock, and complete parts thereof; egg-graders

and egg-cleaners, and complete parts thereof, not including aluminum parts: British preferential tariff, free; intermediate tariff, 5 per cent; general tariff, 10 per cent.

Mr. DUNNING: This item just adds egg-cleaners to the other items mentioned in the wording; it is to extend the same privileges to egg-cleaners as to egg-graders.

Item agreed to.

Customs tariff—410d. Well-drilling machinery and apparatus, and complete parts thereof, for use exclusively in drilling for water, natural gas or oil, or in prospecting for minerals, not to include motive power; well-packers and complete parts thereof, for oil or gas wells; seamless iron or steel tubing of a class or kind not made in Canada, for use in casing water, natural gas or oil wells: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Some hon. MEMBERS: Carried.

Sir GEORGE PERLEY: I think the quickest way would be for the minister to say a few words in brief explanation of each item.

Mr. DUNNING: This is a revision in the wording of the existing item, which has been in the tariff for a number of years. The old item covered well-drilling machinery and apparatus of a class or kind not made in Canada, and seamless iron or steel tubing over eight inches in diameter, for use exclusively in drilling for water, natural gas and oil, and in addition covered well-packers for oil and gas wells. By the rewording of the item the qualification of "a class or kind not made in Canada" as applicable to well-drilling machinery has been removed. The effect of this is to reduce the rates of all such machinery, much of which would be dutiable under 427a at free, 27½ and 35 per cent to free under all tariffs, and action to this end has been taken primarily in the interests of the development of the natural resources and in the knowledge that there is very little if any production in Canada of the heavier and more expensive type of well-drilling machinery. In addition, the item as now reworded does away with reference to any diameter of seamless tubing which is now described as of a class or kind not made in Canada. This will permit the customs authorities to permit free entry of material which, by reason of length or some other feature, is known to be not available from Canadian mills.

Mr. STEVENS: This is a composite of two previous items. According to the explanatory note one item was free right across and the other 15, 27½ and 30 per cent; the two are now combined. The qualifying words "of a class or kind not made in Canada" are carried into this item, but it is made free under all listings. What item would apply to seamless iron or steel tubing of a class or kind made in Canada?

Mr. DUNNING: Item 397. The difference brought about in that regard by the new item is that seamless tubing between 6⅝ and 8 inches in diameter will in future enter free whereas formerly it was dutiable under the item I have just cited.

Item agreed to.

Mr. DUNNING: I have a resolution rendered necessary by the rewording of the item which preceded this. This will be 410e.

Customs tariff—410e. Rope twenty-one hundred feet and more in length, designed for use in drilling wells two thousand feet and more in depth, of four inches and more in diameter, and of raising and lowering casing more than four inches in diameter for such wells, for use exclusively in drilling for water, natural gas and oil, and in prospecting for minerals, not to include motive power: British preferential tariff, 5 per cent; intermediate tariff, 5 per cent; general tariff, 5 per cent.

Mr. CARDIN: I move accordingly, Mr. Chairman.

Mr. STEVENS: This does not seem to be different from the present item 410e.

Mr. DUNNING: It omits reference to machinery, formerly named with rope. Machinery is now 410a.

Motion agreed to.

Item agreed to.

Customs tariff—431b. Adzes, anvils, vises, cleavers, hatchets, saws, augers, bits, drills, screwdrivers, planes, spokeshaves, chisels, mallets, metal wedges, wrenches, sledges, hammers, crowbars, cantdogs, and track tools, picks, mattocks, and eyes or palls for the same: British preferential tariff, 10 per cent; intermediate tariff, 35 per cent; general tariff, 35 per cent.

Sir GEORGE PERLEY: What is the change in this item?

Mr. DUNNING: It appears in schedule IV of the United Kingdom trade agreement which we passed when dealing with that item. It will be remembered that we altered the British rate on files and rasps to free. This is to bring about a separation, maintaining the existing rates of duty on the rest of the item.

Item agreed to.

Mr. DUNNING: With respect to item 434 I have a resolution dealing with a minor matter. In the budget resolutions of Febru-

ary 25, item 434a, motor rail cars or units for use on railways and chassis for same, were made free under the British preferential tariff. Such cars were previously dutiable for the most part under item 434, under the phrase "motor cars for use on railways." The resolution I am about to propose is for the purpose of deleting this phrase "motor cars for use on railways" from the existing item 434, where it would obviously be a redundancy by reason of the new tariff item. It reads:

Resolved that schedule A to the customs tariff, as amended by resolution No. 2 on February 25, 1937, be further amended by striking thereout tariff item 434 and by inserting in lieu thereof the following item:

434. Locomotives for use on railways, chassis, tops, wheels, and bodies for the same, n.o.p.: British preferential tariff, 15 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Mr. CARDIN: I move the resolution, Mr. Chairman.

Mr. STEVENS: I do not see this in any of the proposed resolutions If it is an entirely new interjection I wish the minister would explain it. It certainly changes the item as it appears in the tariff.

Mr. DUNNING: The elimination of motor cars for use on railways is made necessary because of the insertion in item 434a of motor rail cars or units for use on railways. We did that in passing the British agreement, and I am asking for the elimination of the words in item 434, because otherwise there would appear in the tariff two different descriptions of the same article in two different items. It is not a change, but merely a correction in wording.

Sir GEORGE PERLEY: It is to bring it into line with the British preference.

Mr. DUNNING: Yes; it is the modern description of the article.

Resolution agreed to.

Item agreed to.

Mr. DUNNING: Now we reach one of the items of which notice was given in the Votes and Proceedings of March 30. If hon. members will turn to the Votes and Proceedings of that date they will find notices of motion with respect to various reports received from the tariff board since the budget came down. In the budget I indicated that we should probably have some tariff board reports while the house was still in committee of ways and means and that the government would give consideration to these reports, and, if it were deemed advisable, give notice of resolutions to implement them at this stage of the proceedings. The government has given consideration to the reports of the tariff board which have been received, and the result is the notice appearing in the Votes and Proceedings of March 30.

Sir GEORGE PERLEY: The minister might give some explanations.

Customs tariff—438b. Bearings, clutch release; bearings, graphite; bearings, steel or bronze backed, with non-ferrous metal lining; bushings, graphited or oil impregnated; ceramic insulator spark plug cores, not further manufactured than burned and glazed, printed or decorated or not, without fittings; commutator copper segments; commutator insulating end rings; discs of hot rolled steel, spun or forged, with or without centre hole, for disc wheels; distributor rotors and cam assemblies; door bumper shoes; electric wiring terminals, sockets, fittings and connectors and parts thereof, not to include battery terminals; gaskets of any material except cork or felt, composite or not; ignition contact points; keys for shafting; lenses of glass for head, tail, dome, signal and cowl or parking lamps, and for light reflectors; lock washers; piston ring castings in the rough, with or without gates and fins removed; rails of lock seam section, corners, locks and catches, unplated ventilators and parts thereof, the foregoing being of metal other than aluminum, for the manufacture of window sashes for bus bodies; steel bolts, capped with stainless steel; switches for lamps, heaters and defrosters and parts thereof; vacuum control assemblies; vulcanized fibre in sheets, rods, strips and tubing; all of the foregoing when of a class or kind not made in Canada and for use in the manufacture or the repair of the goods enumerated in tariff items 424 and 438a, or for use in the manufacture of parts therefor: British preferential tariff, free; intermediate tariff, free; general tariff, 30 per cent.

Mr. DUNNING: I shall be glad to explain this item. The additions are of minor parts of automobiles, which represent a further addition to the list of parts on which tariff concessions are granted to manufacturers of automobiles, motor vehicles, electric trackless trolley buses or chassis enumerated in 438a and 424, not to include wireless receiving sets, et cetera. The board says:

With respect to tariff items 438b and 438c, the board has considered requests for the inclusion of additional articles and materials in the enumeration thereof. The additions made in the suggested tariff items are in the opinion of the board, in accordance with the purpose of the items, namely, to afford free entry, for repair or original equipment, of automotive parts of a class or kind not made in Canada.

Many of these are parts for which there was no description when the automobile tariff was last revised.

Sir GEORGE PERLEY: Will these concessions make motor cars cheaper or will the benefit accrue to the manufacturer?

Mr. DUNNING: In the opinion of the board the inclusion of these items would tend to reduce the cost of manufacture of automobiles not to a great degree, depending somewhat on the particular make of car and the degree of manufacture in Canada. But I would say not in excess of $1.50 or $2 a car.

Sir GEORGE PERLEY: If that is so it seems to me the benefit will accrue entirely to the manufacturer.

Mr. DUNNING: Yes.

Sir GEORGE PERLEY: So we are giving up revenue which will not benefit the consumer in the least.

Mr. DUNNING: That is true.

Sir GEORGE PERLEY: What reason is there for that?

Mr. DUNNING: My right hon. friend evidently has not read the whole of the tariff board's report on automobiles, so perhaps I should put upon record that part of it which will answer his question.

Sir GEORGE PERLEY: Are these two items exactly as recommended by the tariff board?

Mr. DUNNING: Yes. It will be remembered that during the year the automobile reference to the board of a year ago was continued. The board has been reviewing automobiles during the year, and in paragraph 15 of the summary of the report they say:

In spite of the fact that automobile production in 1936 was in all probability less than in 1935, the operations of the automobile manufacturers based on figures relating to the first ten months of 1936 have been considerably more profitable in 1936 than in 1935. This improvement in operating results is attributable in some measure to the economies in production which were made possible by the enactment of the 1936 automobile schedule.

The reduction in selling prices that the board had to some extent anticipated in the report submitted last year did not take place, and it is to be noted that even if some decreases have been effected in some makes of automobiles, that trend has not been general in the industry. After giving effect to the increase in the incidence of taxes and to the advance in the consumers' selling price brought about by certain conditions in distribution which are discussed in paragraph 11 of this summary, an analysis of schedules 19, 20 and 21 will show that the relation of selling price in Canada to the corresponding United States prices has not been materially altered. Furthermore, as shown in schedules 25, 26 and 27, computations based on the net amounts received by the manufacturers in Canada and the United States from the sale of corresponding models indicate that the net return to the Canadian manufacturer is fairly generally in excess of that same net return to the United States manufacturer, plus the advance represented by the existing duties and taxes computed on the United States dealer's price.

The board is of the opinion that the present protection computed on the dealer's price in the United States substantially equates the difference in production costs for home consumption of low priced large volume automobiles between Canada and the United States, and the board is further of the opinion that if the present price differential between Canada and the United States continues to be maintained with respect to large volume automobiles, and having in mind that Canadian dealers cannot import the said models from the Canadian manufacturer's parent plant in the United States, the governor in council might consider invoking section 17 of the Customs Tariff Act to effect such a readjustment in prices as may be deemed proper.

I call the attention of the committee to that recommendation in reply to the question of my right hon. friend.

Mr. STEVENS: I think this is a good point at which to bring up a question which has been worrying me for a considerable time. I take this item as an example, there are many others, but this is a long item including forty or fifty different articles.

Mr. DUNNING: Most of which are not new.

Mr. STEVENS: I am not suggesting that. It closes with the words "when of a class or kind not made in Canada." I have in my hand a return showing some 1,400 changes in the tariff. I sometimes wonder whether parliament is aware that the tariff really is not made in parliament at all; the tariff is made in the offices of the customs department, and to a very large extent by officials of the department, rather than by the minister or by order in council. That may seem an extreme statement. In making it I am not reflecting upon the officers of the department as of to-day; it is a custom or system that has grown up over the years. I have in my hand an official return, No. 105, and it gives a record of some 1,400 changes in the tariff—or bulletins that went out that affected the tariff would perhaps be more accurate. I have checked them and I find a most extraordinary situation. For instance, over half of these orders or bulletins are confidential, so of course I and others have no access to them. Of the 1,400, 130 are made by authority of order in council and the minister, and 22 by order in council alone, making a total of 152 bulletins authorized either by the minister or by order in council.

The others are not authorized by order in council or the minister; they are bulle-

tins by the department. It may be said that they are routine. I am going to delay the committee only for a few minutes, but in that few minutes I can give information which I think ought to shock hon. members of this house. Let me say again to the Minister of National Revenue that I am not casting any reflection upon him or upon the department; I am speaking of the system that has been in operation for years and years and has become a fixed practice which I contend supersedes the law of parliament. For instance, I turn to bulletin No. 4155, which according to my return has no authority. That deals with goods of a class or kind not made in Canada. It says:

From information before the department the following articles are of a class or kind not made in Canada:

(a) tableware of china, porcelain, semi-porcelain, white granite ware or ironstone, except undecorated teapots with other than a white body or fracture.

(b) other earthenware or art pottery, with a white body or fracture, except lamp bases and chambers.

The following articles of earthenware are considered to be of a class made in Canada:

(a) teapots, not decorated, with other than a white body or fracture, such as Rockingham ware.

(b) other earthenware or art pottery, with other than a white body or fracture, such as Rockingham ware, except tableware.

(c) lamp bases and chambers, decorated or not.

And this becomes law. The point I am making, Mr. Chairman, is that a concern may go to the department and say: These goods are now made in Canada. We will take this item under consideration, 438b, which is now free in two categories, with a duty of 30 per cent under the general tariff. They may say: These goods should no longer come in free; they must be classified under another item which imposes a duty.

My submission is that it has been declared over and over again in this house that parliament fixes the tariff. Indeed, the tariff has been a bone of contention between the two great parties in this country from time immemorial. Personally I think the margin of difference has been very narrow; there has been a little lowering here or a little there, as the case might be. But the tariff is being changed every day, not by parliament, but by the rulings of the department. What I am urging is that no change in the tariff as created by this parliament should be made unless there is a public hearing before the tariff board or a body of that kind. The minister sits back and looks a little weary.

[Mr. Stevens.]

Probably he is, and he may resent my bringing this question forward at this time but this is one of the most important matters that can engage the attention of parliament.

Mr. DUNNING: I am listening to my hon. friend with great interest, but at this point I might remind him that there is provision for an appeal to the tariff board by any interested party.

Mr. STEVENS: I admit that, but it does not amount to the snap of your fingers; it does not amount to anything.

Mr. DUNNING: Some people have demonstrated that it does.

Mr. STEVENS: If my hon. friend would study that return a bit, as I have done, he would see how ludicrous the whole system is that we have been following. For instance, consider what came to our attention not very long ago; in order not to transgress the rules of the house I will not state what it was, but some hon. members will recognize it when I give the particulars. Here was a great, powerful firm importing tremendous quantities of goods, ten or fifteen million dollars' worth in a year. They go before the department and get the margin of discount varied from about 17 per cent to 25 per cent. Another firm producing absolutely the same articles and importing goods to the value of millions of dollars pays a different discount. Can any member of the government or any member of a previous government, under which the practice also obtained, say that such a situation is fair? I venture to say that within the next six months this government will be faced with claims for the refund of thousands, possibly hundreds of thousands, of dollars wrongfully extracted because of the differential in that allowance.

Let me give some further items, and I could give dozens. Here is one headed "Current values for duty." There is no authority for this bulletin, which deals with flashlight cells; standard 6 inch dry cells; standard 6 inch dry cells in assembled units of two or more; standard 45-volt radio B batteries; heavy duty 45-volt B batteries: 45-volt B batteries (special) cells other than cylindrical. Here is another, also dealing with flashlight batteries and so on. It may be argued that these things have been considered, and all that; but my point is that under the practice that has become established it is within the power of departmental officials to change the tariff without reference to the parliament of Canada. Furthermore, a study of these matters shows that in almost every instance

the change results in the tariff being raised. I am not going to say that I am opposed to all that has been done; not at all. The chances are that with most of it I would agree, but I say it is done in an improper way.

Take the instance I gave a moment ago. It was ascertained that the competing firms—and there were many, though I mentioned only one—never knew that there had been a change in the rate of duty, because that is what it meant to the first firm. The others did not know a thing about it; they had no opportunity to appear before any body, and the public did not know anything about it. There was no hearing. It was done by regulations passed by the department, without reference to the tariff board, the customs board, or any other board. It was done in the way I have indicated and, Mr. Chairman, I direct the attention of the Prime Minister to this: Fourteen hundred bulletins are mentioned, and I asked for specific information as to the date issued, the authority, and the date repealed or suspended. All the information is here, and it shows that in only 152 cases out of some 1,400 was there authority of the minister or by order in council.

I contend, Mr. Chairman, that that is not in accordance with the spirit of the Customs Act or the customs tariff. I think the theory of tariff in this country has been that if there is one thing sacred to parliament it is the fixing of the rates of duties on goods, but by the strange wording of these items in the tariff the authority of parliament is flouted and the power of parliament to control and fix duties is disregarded.

Earlier in the session I had intended to go into this matter with much greater care. I hold in my hand, for instance, a folio containing dozens of orders issued within the last few months. Again let me say to the Minister of National Revenue that I am not reflecting upon his administration. I am calling in question the practice that has grown up in this country over the years. Let me examine just one or two of these orders that have been passed recently.

Here is one dated December 3, 1936. I am not saying this cannot be justified; but this is the change. This order is headed "Made in Canada Rulings," and in one case after another the same thing applies. It is that little word slipped into the item to which I object. Without any reflection upon hon. members of this house I venture to suggest that there are very few who really appreciate the significance of those words in an item. And how common the practice is to change an item.

Furthermore, I have known instances in the past where a firm would come along, and under the law they are supposed to be manufacturing to supply the Canadian market, and they would claim that they were doing so, when in fact they had not even started to manufacture. They had some of the facilities to do it, and they declared they were going to do it, and undertook to do it; and it was a question whether they could supply the market.

I call attention to this fact: Canada is a vast country. If a small firm in the eastern or in the central section of Canada says: "We are going to manufacture" or "we are manufacturing this article, and therefore the tariff on imported goods should be under a higher, instead of a lower rate," that little firm does not supply the market in the west. It could not supply it. It could not supply the market in the maritime provinces. On the other hand, if it happened to be in the west it could not supply the east. And yet, possibly because they manufacture to a certain extent, the commodity is changed from the item under which parliament placed it, and carried into another item.

It may be argued that care is taken, and all that, but what I submit is this: This matter should never be left to the judgment and authority of the officials of the customs department.

Mr. ILSLEY: With whom would you leave it?

Mr. STEVENS: I would leave it with a public body such as the tariff board.

Mr. ILSLEY: Anyone may appeal to the board. The tariff board could never get through with its rulings. I was informed the other day that we had made something over six hundred rulings since I have been minister, ruling articles "of a class or kind not made in Canada." That is part of the ordinary routine of the department. Rulings have to be made nearly every day.

Mr. STEVENS: And I will tell the minister another thing—and again I am not reflecting upon his administration: I will guarantee that if he will make or have made an investigation, he will find that there are in ports in this country half a dozen different forms of rulings on the importation of goods. I know that is a pretty strong statement.

Mr. ILSLEY: That is a different point.

Mr. STEVENS: Yes, I will come back to the other one. It is argued that when an item goes in, it applies equally to all people. How in the name of Heaven can an appraiser —how many ports are there in Canada where there are appraisers?

Mr. ILSLEY: I do not know offhand.

Mr. STEVENS: There would be seventy-five, anyway. How can seventy-five appraisers be kept up-to-date with thousands of orders? When I asked for this return, officials of the customs department phoned me that it would take over four thousand, to give me the whole list. I agreed that there should be a limitation. I am not objecting to that, because I saw the magnitude of it. But I will venture to say that there are extant and operating to-day 5,000 bulletins that affect or vary the tariff. Some are very trivial, but they do affect the tariff. Hundreds—yes, I would venture to say a couple of thousand of them effectively vary the tariff. Now that is not what parliament understands. That is not what should be.

The minister asked me who is to attend to these things. My contention is this: In the first place we are now dealing altogether too loosely with the privilege extended by parliament, I think almost unconsciously, in connection with the words "of a class or kind not made in Canada." Those few words throw the tariff wide open. Along comes a new firm which makes out a case complying with what the department considers necessary. They make their product in Caanda. A bulletin goes out to all these ports—bulletins, bulletins, bulletins, by the hundreds of thousands, go out. Do you mean to say that the collectors, the appraisers, and the long-room clerks, working for $120 a month, are going to have in their heads all these bulletins? They turn to the tariff as a rule, and pass it as it is in the tariff. They try to watch the bulletins; but they cannot do it. There is not a human being in this country who can do it; it cannot be done, and it is not done.

Mr. ILSLEY: What is the remedy for it?

Mr. STEVENS: The remedy is this, to stop the issuing of bulletins as we are issuing them to-day.

Mr. ILSLEY: Then you would have no uniformity in the tariffs at all.

Mr. STEVENS: You have not now.

Mr. ILSLEY: Oh, yes.

Mr. STEVENS: No. I can go out to-morrow morning and get an article which will be covered under half a dozen different items in the tariff, in the different ports of Canada. I know that can be done; I have seen it done. I know what I am talking about. And I say that should not be. So I say this whole system of bulletins is wrong. True, it has grown up—

[Mr. Ilsley.]

Mr. ILSLEY: What is the alternative? If you do not send out bulletins, you merely add to the lack of uniformity.

Mr. STEVENS: The alternative is this—but may I interject this bit of philosophy, if you like to describe it as such, that tariffs are not made for the convenience of individual firms in Canada.

Mr. ROSS (Moose Jaw): Should not be.

Mr. STEVENS: Let us take what the general theory of the tariff is, and that is that duties shall be imposed upon imports coming into Canada on all alike, and that any protection given an industry shall be protection given to all that are in that line of industry, irrespective of what the firm may be. That, I think, is the theory. But that is not the practice, though. I am asked what the alternative is. I say (1) cease the general practice of issuing bulletins; and (2) my own opinion is that this whole tariff schedule ought to be revised and reconstructed.

Let us pause at that point for a moment and look at some of these schedules we happen to be dealing with at the present time. We find an item divided up into 41a, b, c, d, e, x, y, z—all through the alphabet. There are subdivisions, and then they are resubdivided, and each item includes a lot of detailed names. Take this item now before us—I shall not read it all, but just part of it to give some sort of idea of it:

> Bearings, clutch release; bearings, graphite; bearings, steel or bronze backed, with non-ferrous metal lining; bushings, graphited or oil impregnated; ceramic insulator spark plug cores, not further manufactured than burned and glazed, printed or decorated or not, without fittings; commutator copper segments; commutator insulating and rings;

And so on, and so on. There are forty or fifty items. As a parliament, it is time we paid some attention to the construction of the tariff. I am not suggesting it can be done now, but I do put in a plea for the changing of the system. Let the tariff first be made by parliament, and let it be understood that it is not changeable by departmental officials. When an application is made by an industry or manufacturer in Canada for a change in the tariff, let that industry or manufacturer go before the tariff board; and let those who are

opposed to it or competing with it have the same opportunity in the hearing as the applicant has. That is not done to-day.

Then there may be minor things; but no minor thing should be passed without an order in council. That is the least that can be done When I repeat to the house that in this return, officially given on the order of parliament, only 152 items out of about 1,400 bear the imprimatur of order in council, it is enough to alarm the house as to the chaotic condition into which we in Canada have drifted in dealing with our customs administration.

Again I say, so that there may be no misunderstanding and no question as to my motives, that I am not reflecting on the present minister. On the other hand, I will say to his credit that I happen to know he is giving consideration to this question. Last year I brought to his attention that notorious order No. 4035, and some months after his examination, the minister recalled the order.

What did bulletin 4035 do? I will tell you what it did. That was the value for duty purposes bulletin, referring to coated fabrics such as cover these chairs and are used in the manufacture of railway window blinds and that sort of thing. A firm in Canada applied to the department for a special ruling on the value for duty. An investigation was made, and where did they go? They went to the head of the world cartel which controlled this industry. There were four or five independent manufacturers in the United States making these goods who were willing to export them at prices considerably lower. But their price lists were not considered. The price lists considered were those supplied by the head of the cartel in the United States, and those prices were adopted in Canada as being the fair market value. When goods were shipped in by the independent manufacturers they were faced with a dumping duty. We talk about parliament controlling the tariff. The minister very properly repealed that order, I think in December last.

I shall not detain the minister any longer, but I say to him and to the Prime Minister and to the government that some time during this recess the whole question of the made-in-Canada provision in the tariff should be studied, and the system of issuing bulletins unauthorized by order in council, and not covering appeals to the tariff board, which affect and change tariff items and the impost of duties should be abandoned. I know that this will be a difficult task, but it is of major importance. It is about time that we as members of parliament awakened to the fact that there has unconsciously grown up in this country, not under this government alone but under previous governments as well, a system of control of tariffs which is not in the hands of parliament.

Mr. DUNNING: My hon. friend has quoted an item as an illustration of the confusion which he says should be removed. I should like to call to his attention and to the attention of the committee the fact that the item we are now discussing is one which was evolved by the tariff board after hearings stretching over two years. If we are to get away from confusion by using the method my hon. friend advocates, this is what it brings. After exhaustive examination the tariff board was of the opinion that in order to administer the tariff with respect to automobile parts, the description which the hon. member ridicules as confusing was a necessary description.

Mr. STEVENS: That is not what I said, and I shall answer the minister in a minute.

Mr. DUNNING: My hon. friend read with great indignation a number of the items in this particular item we are now discussing. He told us in what a confused mess the tariff was, and how necessary it was that parliament should take hold of it.

Mr. STEVENS: I read with great indignation the words, "of a class or kind not made in Canada," and I referred to the method of interpreting those words.

Mr. DUNNING: My hon. friend referred to ammeters, arm rests, wheel housings and so on, of a class or kind not made in Canada. These are included in the recommendation of the tariff board which was made after the investigation to which I referred. This tariff board was appointed by the government of which my hon. friend was a member. I am not quarrelling with that. I simply say that we are going around in a circle if we say that parliament should take hold of this thing, should try to simplify the tariff, should do this and do that, and should do so and so after examination by the tariff board. We have here an item which follows one of the most exhaustive examinations ever made by the tariff board, and then it is not right.

Mr. STEVENS: I did not say that.

Mr. DUNNING: That is the conclusion I reached. With respect to the other matter, my hon. friend made it quite clear that his criticisms of the Department of National Revenue and its rulings were not confined to the present administration.

I would point out to him one important reform which this government instituted with reference to the interpretation of the effect of the clause, "of a class or kind not made in Canada." I think he overlooked it when he spoke. The government was made the subject of criticism when we arranged that in order to be ruled as being of a class or kind made in Canada an article would require to be made in sufficient volume to take care of at least ten per cent of the normal Canadian consumption. I submit that that was a very great step forward. My hon. friend comes along a year later and levels criticism at the government; but he does not say one word about that tremendous advance which was made. Is that fair to the Minister of National Revenue and to the government?

There has been an important reduction in the number of the orders which he criticizes so severely. I venture to say that the number of orders dealing with articles of a class or kind made in Canada was never so great in the history of this country as it was between 1930 and 1935. I am not criticizing that, I am simply saying that the inauguration by this government of the ten per cent control feature operated to reduce very materially the number of orders issued with respect to that phase of the customs tariff. I doubt very much if we can get away from the necessity of having somewhere an authority to define what goods come under this or that classification. At the present time any individual or corporation who regards himself or themselves as prejudiced by any interpretation made by the Minister of National Revenue has a remedy in the form of an appeal to the tariff board.

Mr. STEVENS: How can they appeal if they never hear of it?

Mr. DUNNING: Then they certainly cannot be injured.

Mr. STEVENS: They did not hear of it until it was publicly exposed. I know the law.

Mr. ILSLEY: We are not speaking about the made-in-Canada ruling now.

Mr. STEVENS: I am referring to the discount.

Mr. DUNNING: I am referring only to the made-in-Canada ruling. I am trying to stay in order by discussing what relates to the item before the committee. The discount is a feature under the control of my colleague. This is the amendment which was made, I believe last year:

[Mr. Dunning.]

Provided when it is established that any articles, though of a class or kind made or produced in Canada are not offered for sale to the ordinary agencies of wholesale or retail distribution or are not offered to all purchasers on equal terms under like conditions, having regard to the custom and usage of trade, such articles may be exempt from the special or dumping duties.

I submit to my hon. friend that it was quite an advance to make that amendment to the section of the customs tariff. It is of great assistance to the minister in preventing abuses which may arise with respect to that made-in-Canada feature. I admit at once that that is a difficult matter to administer, but I doubt very much if it would be practicable to submit all such rulings to the tariff board in the first instance. I submit that it is a normal procedure for an investigation to be made, and a decision to be rendered by the minister as to whether or not certain goods are of a class or kind made in Canada, and to make that public to all those affected. They can appeal to the tariff board if they disagree with the ruling so given. I submit that that procedure is much more simple than to have a hearing by the tariff board, in the first instance, with respect to which many could not possibly be advised or be aware of just what bearing it might have on their interests. If they have the ruling before them, they know where the shoe pinches and can get the situation remedied by appeal if they wish.

Mr. ILSLEY: We provided last summer for appeal to the tariff board. Up to that time the tariff board did not have jurisdiction. The department's determination whether an article was of a class or kind made in Canada was final; but under the Tariff Board Act an order in council was issued conferring upon the tariff board jurisdiction to hear appeals in that class of cases.

I wish just to add that there is nothing more difficult in the administration of the customs tariff than making "made-in-Canada" rulings. A whole branch of the department is occupied with "made-in-Canada" questions. The rulings involve investigations which are sometimes very expensive, and naturally the conclusions that are arrived at are contested. The reason that it is very important to decide whether an article is of a class or kind made in Canada or of a class or kind not made in Canada is not the reason stated by the hon. member for Kootenay East (Mr. Stevens). Usually it does not change the tariff rate, but the reason manufacturers are so anxious to have articles made by them ruled as of a class or kind made in Canada is that importations of these articles are then sub-

jected to the dump duty. That is of very great importance. There are very few decisions to guide the department. The number of articles in commerce is legion. I do not know how many articles there are in ordinary use in this country, but it would probably run into the hundreds of thousands, and there is a tremendous volume of work in classifying these articles. The question goes before the department and the department makes hundreds of these decisions.

As I said a few minutes ago, I think that since I have been in charge of the department there have been over six hundred decisions which ruled that articles were not of a class or kind made in Canada. There does not seem to be much to do except to go ahead and make these decisions as best we can and give the tariff board jurisdiction, as we did about a year ago, to decide whether we are right or wrong.

Mr. STEVENS: The minister rather adroitly drew the discussion away from what I have been seeking to impress upon the committee. I did not cite this as confusing; I cited it to show how broad a single item in the tariff might be. I emphasized the fact that there were probably fifty different articles in the item, and then I went on to say that this was subject to the provision respecting a class or kind not made in Canada; then I went on to show that innumerable bulletins are issued, most of them without authority of order in council, and a great many, indeed most of them, without reference to the minister.

Now the minister says: We have changed that to a certain extent; they must be able to supply ten per cent of the home market. I ask the Prime Minister, from his long record of advocacy of low tariff policies, does he think that the supplying of ten per cent of the market in Canada is sufficient for the changing of the tariff without an order in council or a hearing? I ask him to think that over.

I have said over and over again that I am not reflecting on the present minister; I made it clear that this is something which has grown up over the years. The Minister of Finance (Mr. Dunning), who is supported in this by the Minister of National Revenue (Mr. Ilsley), says that they do not see how any other system can be adopted; he says these bulletins are issued. In these bulletins occur these words, and this is the justification for the policy that has grown up over the years: "The following ruling transferring goods from the category of a class or kind not made in Canada to that of a class or kind made or produced in Canada is issued in accordance with the government's undertaking to give adequate notice to parties concerned." It does not say so here, but the inference is that they will notify parties concerned.

But, Mr. Chairman, you will at once appreciate, as will other hon. members of the house, that though the collector of customs in Montreal or Toronto or Vancouver is notified that such a change is made, he does not send out a copy of each of these bulletins to everybody who may be concerned. It cannot be supposed that he can possibly know ten per cent or even five per cent of the people concerned. That is the point I am making. There is no public knowledge of these bulletins, and I will venture this statement without fear of contradiction, that there is very little knowledge of them among the skilled officers themselves, because the number of bulletins is so great that there is not a human being who could keep them all in mind.

Twice this session it has been proved that firms, big firms, one which imports ten or fifteen million dollars' worth of goods into this country, and another that has been doing business for forty years, did not know of these things, and the departmental officer said: It is rather unfortunate, but these firms ought to have known. But the firms did not know. They are not "dumb"; they are among the best firms operating in this country. Then how can an ordinary little firm which has a very small turnover be expected to know? I can assure the house that some of the largest firms in Canada had no knowledge of changes that have affected competitors favourably, and so were prevented from getting the same benefits. It is not good enough to say: Well, you have an appeal to the tariff board. How can a man appeal to the tariff board if he never heard of it?

Sir GEORGE PERLEY: Is that on a question of discount?

Mr. STEVENS: One is a question of discount, and the other is a question of the value for duty. Let the government get this: The minister says that I am criticizing. I am not criticizing the government in a political sense.

Mr. DUNNING: I did not use the word in that sense. I took what the hon. member said in good faith.

Mr. STEVENS: I heard what the minister said. I was a minister in a government, and the minister taunted me with that. What has that got to do with it? I said that this practice had grown up under all governments for many years. I thought that was a broad enough statement to invite consideration by the present government. They have been in office only two years. I am not referring to what

may have happened when they were in office before. I have served in three different governments in this country. At one time I was minister of customs, and the minister may say to me: Well, why did you not see to it then? I was just getting to it when I was kicked out; that is all. But this custom having grown up and become prevalent, I ask the committee—never mind the government if they are not concerned about it—to take notice of these facts.

Item agreed to.

Progress reported.

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

Monday, April 5, 1937

The house met at eleven o'clock.

NEW MEMBER

Mr. SPEAKER: I have the honour to inform the house that the clerk of the house has received from the chief electoral officer certificate of the election and return of Pierre Emile Coté, Esquire, for the electoral district of Bonaventure.

NEW MEMBERS INTRODUCED

Pierre Emile Coté, Esquire, member for the electoral district of Bonaventure, introduced by Right Hon. W. L. Mackenzie King and Hon. Ernest Lapointe.

John Allmond Marsh, Esquire, member for the electoral district of Hamilton West, introduced by Right Hon. R. B. Bennett and Mr. A. A. Brown.

REPORTS OF COMMITTEES

Second report of standing committee on miscellaneous private bills.—Mr. McPhee.

Second report of standing committee on agriculture and colonization.—Mr. Weir.

MARINE AND FISHERIES

Mr. A. E. MacLEAN (Prince) presented the third and final report of the standing committee on marine and fisheries and moved that the report be concurred in.

Mr. STEVENS: Personally I should like to have an opportunity of studying this report. It is very important, and I do not think it should be rushed through in this manner.

Motion stands.

[Mr. Stevens.]

CIVIL SERVICE ACT AMENDMENT

Mr. JEAN FRANCOIS POULIOT (Témiscouata) moved for leave to introduce Bill No. 100, to amend the Civil Service Act.

Some hon. MEMBERS: Explain.

Mr. POULIOT: Mr. Speaker, the only purpose of this bill is to curtail the preference in favour of men who saw service during the war in the armies of allies of his majesty, and the best explanation of the bill can be found in question No. 8 on to-day's order paper.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PORT CREDIT, ONT., HARBOUR

Mr. GRAYDON:

1. What work, if any, has been done in the way of harbour improvements at Port Credit, Ontario, since January 1, 1936?
2. If any such work was done, what was the total cost of same?
3. Will the government consider improving said harbour facilities during the current year?

Mr. CARDIN:

1. None.
2. Answered by No. 1.
3. The matter will have consideration.

CATTLE SHIPMENTS FROM DROUGHT AREA

Mr. EVANS:

1. How many cattle were shipped out of the drought area of western Canada in 1936 under the federal feeder cattle policy?
2. What amount of money was expended by the government in giving assistance to buyers of the feeder cattle?
3. How many cattle were shipped to each of the following provinces: Ontario, Quebec, New Brunswick, Nova Scotia, and Prince Edward Island?
4. How many lambs were shipped out of the drouth area of western Canada under the feeder policy, and what was the amount expended by the government in assistance to buyers of these feeder lambs?

Mr. GARDINER:

1. 21,521 cattle.
2. $74,218.91.
3. Ontario, 17,557 cattle; Quebec, 1,386 cattle; New Brunswick, 448 cattle; Nova Scotia, 378 cattle; Prince Edward Island, 74 cattle.
4. (a) 53,312 lambs; (b) $13,181.88.

NOTE: Foregoing figures apply only to shipments made under feeder freight policy upon

which refunds have been made to March 25, 1937. Claims still to be dealt with will increase these totals.

In addition, rebates of travelling expenses to purchasers of feeder cattle and lambs in western Canada under the feeder purchase policy both within and outside the drought areas total $24,740.95.

CHIEF JUSTICE J. H. BARRY

Mr. WALSH:

1. Has the Minister of Justice received any communication from the attorney general of New Brunswick with reference to a resolution adopted by the council of the barristers' society of that province, relative to Honourable J. H. Barry, chief justice of the king's bench division?

2. If so, what is the purport of the said resolution and what, if any, action is being taken in the matter?

Mr. LAPOINTE (Quebec East):

1. No communication has been received from the attorney general of New Brunswick.

A resolution was received from the council of the barristers' society, New Brunswick, relative to the infirmities of the Honourable J. H. Barry, Chief Justice, king's bench division.

2. The matter is under consideration.

GLENBURNIE, ONT., POST OFFICE

Mr. TUSTIN:

1. Has there been a change in the postmastership at Glenburnie (Frontenac-Addington)?

2. If so: (a) who was the previous postmaster; (b) who is the present postmaster?

3. On whose recommendation was the change made?

Mr. ELLIOTT (Middlesex):

1. Yes.

2. (a) Archibald Bruton, (b) Chas. Stokes.

3. C. A. Campbell, M.P.

Mr. TUSTIN:

1. What rural routes are serviced from the post office at Glenburnie (Frontenac-Addington)?

2. Have tenders lately been invited for performing said service or services?

3. If so, what are the names of those who submitted tenders, and what is the amount of each tender?

4. Have the contracts been awarded, and, if so, to whom?

5. Who recommended the letting of the contracts?

Mr. ELLIOTT (Middlesex):

1. Glenburnie No. 1 rural route.

2. Yes.

3. Bruce Craig, Glenburnie, $390; Willard M. Coulten, Glenburnie, $400; Charles Stokes, Glenburnie, $450.

4. Yes, to Bruce Craig.

5. Contract was awarded to the lowest tenderer in accordance with the terms of the Post Office Act.

MOTIONS FOR PAPERS

WOLFVILLE HARBOUR, N.S., DREDGING

Mr. MASSEY (for Mr. Brooks):

For a copy of all payrolls showing money expended and to whom it was paid for certain hand dredging done by the Department of Public Works at Wolfville harbour, Kings county, Nova Scotia, during the year 1936. Also a statement showing the name of party having the commission.

TORONTO-TORONTO ISLAND TUNNEL

Mr. TOLMIE (for Mr. Church):

For a copy of all correspondence. letters, telegrams, and other documents, relating to the abandonment of an agreement for the building of a tunnel between Toronto island and the mainland of Toronto, to be constructed by the federal government. Also a statement showing what was spent on said work and by whose order it was abandoned and the contracts cancelled.

MR. FRANK GAUDET

Mr. MASSEY (for Mr. Brooks):

For a copy of all papers, affidavits, evidence, correspondence and other documents concerning the dismissal of Mr. Frank Gaudet, former postmaster at Barachois, parish of Shediac, Westmorland county, New Brunswick, together with a statement of cost of investigation showing to whom money was paid.

GLENBURNIE, ONT., RURAL MAIL SERVICE

Mr. LOCKHART (for Mr. Tustin):

For a copy of all correspondence, letters, telegrams and other documents relating to the post office at Glenburnie (Frontenac-Addington), and the rural route service therefrom, from the 1st day of January, 1936, to the present time.

CUSTOMS TARIFF AMENDMENT

RATE OF EXCHANGE IN COMPUTING VALUE FOR DUTY OF IMPORTS FROM COUNTRIES WITH APPRECIATED CURRENCIES

Hon. J. L. ILSLEY (Minister of National Revenue) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to amend section 6 of the Customs Tariff to provide that, notwithstanding the provisions of any other law, the governor in council may from time to time, and as occasion requires, and without having regard to the requirements of section 55 of the Customs Act, order and direct, subject to such exceptions as may be made, what shall be the rate of exchange fixed for any currency

in computing the value for duty of goods imported into Canada from any place or country, the currency of which is appreciated in terms of the Canadian dollar; and also to provide that in cases where, under such power, the governor in council shall have fixed the rate of exchange for any currency in computing the value for duty of goods imported into Canada, special or dumping duty shall not apply when the export or actual selling price is equal to or greater than the value for duty so computed, and where the same is less than the value for duty so computed, special or dumping duty applicable shall not be greater than the difference between the said export or actual selling price and the value for duty so computed.

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

CUSTOMS ACT AMENDMENT

VALUES FOR DUTY PURPOSES AND DRAWBACKS—PROTEST AGAINST RETROACTIVE PROVISIONS OF BILL 84

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, I have a couple of telegrams of considerable importance upon which I wish to direct a question to the Prime Minister (Mr. Mackenzie King). Before asking the question, may I draw his attention to three lines in the Votes and Proceedings for Friday, April 2. At page 377 I find this:

The bill, No. 84, an act to amend the Customs Act, was read the second time, considered in committee of the whole, reported with amendments, considered as amended, read the third time and passed.

This happened within a very short space of time. The bill was introduced on March 31, only four or five days ago. Without the possibility of those at a distance, such as people in Vancouver, being able to indicate even by telegram the manner in which they were affected by the bill, it was read a second time, considered in committee, read a third time and passed at one sitting, contrary to the rules of the house, because no unanimous consent was asked or given.

I have a wire from fourteen reputable firms operating in Vancouver, in which they say:

The undersigned Vancouver wholesale fruit and vegetable dealers vigorously protest the introduction of legislation designed to amend arbitrarily the value for duty purposes erroneously applied with view to having parliament retroactively validate and confirm such values in effort to bar claims for refunds of charges illegally collected.

This is signed by fourteen firms, the names of which I shall read if necessary. I also have a telegram from Toronto. It is very long, but I believe it will be sufficient to read a line or two; I shall not weary the house by reading all of it:

We believe that Bill 84 to amend the Customs Act which received second reading on Friday, April 2, is a dangerous type of legislation due to its retroactive nature.

And so on, and so forth. The point I wish to draw to the attention of the Prime Minister is that this bill in one of its clauses gave authority to the department to disregard the errors which may have been made and which we know to have been made, while cases are before the courts and other firms have before the department appeals for refunds.

Some hon. MEMBERS: Order.

Mr. STEVENS: The point I wish to make—

Some hon. MEMBERS: Order.

Mr. STEVENS: I am in order; I will leave it to Mr. Speaker. The point I wish to make and upon which I desire to put a question to the Prime Minister is, first, that this very important measure containing retroactive provisions was rushed through in the short period I have indicated, and, secondly, that no unanimous consent to do so was asked or given. This is backed by the record—

Mr. LAPOINTE (Quebec East): It is never put there.

Mr. BENNETT: It is never put in the record.

Mr. STEVENS: Unanimous consent is put in.

Mr. LAPOINTE (Quebec East): It is never put in the record.

Mr. STEVENS: However, it was rushed through. I call the Prime Minister's attention to it and ask if he would consider such arrangements as might be made to enable those vitally affected to be heard by the senate before the bill is passed.

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I say to the hon. member that, as I recall it, the bill to which he refers was preceded by a resolution which was very fully discussed. The bill itself, when before the house, was fully discussed. On the point the hon. member is now raising may I say I do not recall his having raised any objection to the house proceeding with the bill in the manner in which it did proceed. Indeed, unanimous consent of the house was necessary in order to enable the bill to be expedited.

Mr. STEVENS: I was sitting on a committee, the one to which I am going in a few minutes. It is a committee which sits while the house sits.

Mr. MACKENZIE KING: No question was raised by anybody, and had any hon. member believed that we were proceeding with undue haste, attention would have been drawn to the fact. Unfortunately I am not in a position to control proceedings in another house. I assume the hon. member will make such representations as he wishes to hon. members there, where they can discuss the point he has just raised.

PROPOSED AMENDMENT TO THE JUDGES ACT

CORRECTION OF A NEWSPAPER REPORT

On the orders of the day:

Hon. ERNEST LAPOINTE (Minister of Justice): (Translation): Mr. Speaker, under date of Friday last, April 2, L'Action Catholique, of Quebec, published a dispatch from Ottawa reading as follows:

The Law will Compel Judges to Follow Privy Council Decisions

One of the most important amendments ever brought to the Judges Act in Canada has been submitted to Parliament by Hon. Ernest Lapointe. By this bill the Minister of Justice compels all judges henceforth to take account, in their judgments, of the latest decision of the privy council or of any other court of final appeal.

It is considered in the capital's legal circles that this bill will have a profound effect on the decisions that magistrates and judges will render in future, not only in Ontario but everywhere in Canada.

This report of l'Action Catholique is no doubt due to the error of one of its correspondents. I never pay attention to what the press says about me, but when the proposal of the hon. member for Broadview (Mr. Church) is laid to my door, I consider that the limit has been passed and that I must intervene. I never presented such a bill; I shall not support it, I do not endorse it, and if it ever reaches second reading I will say what I think of it.

SEED GRAIN

GUARANTEE OF LOANS FOR PURCHASE OF SEED AND OTHER ASSISTANCE IN SEEDING OPERATIONS IN WESTERN PROVINCES

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure to authorize the guarantee by the government of Canada of principal and interest of loans made by chartered banks and guaranteed by the provinces of Alberta, Manitoba and Saskatchewan, respectively, for the purchase of seed grain and for providing other assistance to farmers in connection with seeding operations during the spring of 1937; such loans not to exceed in the aggregate the sum of $1,600,000 in respect of Alberta, $750,000 in respect of Manitoba, and $6,600,000 in respect of Saskatchewan.

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

Mr. DUNNING: Mr. Chairman, the bill to be founded upon the resolution follows the lines of similar legislation of a year ago. There is the exception, however, that this year the scope will be extended to the provinces of Alberta and Manitoba, following discussions and negotiations with the governments of those provinces. The guarantee by the dominion of the guarantee by the provinces of their municipalities with respect to seed grain loans involves a rate of interest to the municipalities of four per cent, and the provincial governments then arrange as to what the rate shall be as between the municipalities and the farmers securing the seed. I will give further details when we are considering the bill. For the present it is probably sufficient to say that as far as this government is concerned the banks supply the money to the municipalities on the guarantee of the provinces, guaranteed in turn by the dominion at four per cent. The amounts named in the resolution have been arrived at after very careful examination by the federal Department of Agriculture of the representations of departments of agriculture in the three western provinces. As to the term of loan, provision is made that the guarantee does not become effective, that is, the claims under the guarantee cannot be made for three years after the granting of the loan, thus giving the farmers in the drought area who secure seed a maximum of three crops before the guarantees, either of the province or of the dominion, become effective.

It may interest the house to know that with respect to last year's experience when loans up to about $4,000,000 were authorized, no guarantee has been given by the dominion up to the present, due to the fact that the province has not yet been able to supply the detailed information required. Under the plan as it worked last year in Saskatchewan sufficient repayments have been made by the farmers to reduce the liability as at the first of last month to $2,500,000. It is expected

that in connection with the legislation of a year ago guarantee will be required only up to $2,500,000 instead of up to $4,000,000.

Mr. BENNETT: Do I understand that the guarantee of the provinces is sufficient to warrant the banks making these advances?

Mr. DUNNING: That is the condition, yes.

Mr. BENNETT: Even for a loan as small as $1,600,000 in the case of Manitoba?

Mr. DUNNING: That is so.

Mr. BENNETT: We are being asked to guarantee the guarantee of the provinces to the banks before they will make the loans?

Mr. DUNNING: Yes.

Mr. BENNETT: In common with other hon. members, I have received a number of telegrams regarding the distribution of seed grain in the province of Saskatchewan. There are some questions I should like to have answered. First, how many acres of land in the drought area have had a succession of bad crops over a period of five years? Second, to what extent is it proposed to provide seed grain for this year? Third, how is the determination of the amount of seed required to be arrived at for the province as a whole? My next question had to do with distribution, but I think the minister has made this fairly clear. The municipalities assume responsibility for the distribution of the seed being provided to the provincial government. The reason I ask these questions is that the telegrams state that these people are unable to secure seed for seeding. They have been told they cannot get it and the only way they can bring their difficulties to the attention of parliament is by means of publicity. I know nothing of it and I merely ask for information because I cannot pledge my own word with respect to anything connected with it beyond the statements I have received. It does become important, though, to know the principle upon which the distribution is to be made. If it is to be selective, there must be a principle involved in the selection. It cannot be left to the mere whim or caprice of an individual who may like or dislike an applicant.

Mr. DUNNING: The Minister of Agriculture (Mr. Gardiner) is more familiar with the details of this distribution than I, and I should like him to deal with that phase of it.

[Mr. Dunning.]

Mr. GARDINER: In reply to the first question, as to the acreage affected by bad crops for five years, I can give the municipalities which have been affected over a period of six years. If the number of municipalities is multiplied by the acreage in a municipal area, the exact acreage involved will be arrived at. In 156 municipalities the average crop for six years has not been more than 5·4 bushels to the acre. That is the area affected this year by the seed allowances in Saskatchewan alone. The area in Alberta will vary in about the same proportion as the amount of the guarantee in the two provinces. The loan to Saskwatchewan is $6,600,000, to Alberta, $1,600,000 and to Manitoba $750,000. The protests I have received have come from Saskatchewan. I have not received any from Alberta or Manitoba up to date.

Mr. BENNETT: Neither have I.

Mr. GARDINER: I think I can explain the Saskatchewan protests in this way: The amount of money asked for by Saskatchewan in the first instance was $8,750,000. This amount was based on the requests which had been made by the municipalities, it being suggested that this amount would be required in order to provide for the necessary seed and seeding supplies. After the Department of Agriculture in Ottawa had discussed the matter with the Department of Agriculture in Saskatchewan we concluded that there were considerable areas in Saskatchewan whose credit should be comparatively good. While they had had poor crops for a number of years we felt that an effort was being made to obtain as much security as possible. In connection with these municipalities we decided that the banks would be reasonably sure of getting repayment of any loans made and therefore the provincial and federal governments should not be called upon for any guarantees. A considerable cut in the amount of the guarantee was made as a result of this.

There are other sections of the province where the belief is that they should seed a bushel and a half of wheat to the acre. Most of the authorities on agriculture in that section of the country believe that they should not seed more than a bushel to the acre. Many of the best farmers do not seed more than three-quarters of a bushel to the acre in dry seasons, such as we are now experiencing, and, generally speaking, they get a better crop than those who seed the higher quantity per acre. In these particular districts an effort is being made to encourage people to seed

the lesser amount. It will be seen that a reduction from a bushel and a half per acre to one bushel per acre is equal to one-third of what was originally asked for.

No effort is being made at the present time to select who shall or shall not get the seed, but when it comes to deciding whether a man should get 300 or 200 bushels of seed, it is thought that the municipal and provincial authorities should have something to say. In any event, there is a limit upon what an individual may receive.

Mr. BENNETT: What is the limit?

Mr. GARDINER: The outside limit is 300 bushels, but there is also another limitation as to the number of bushels to the acre. At this stage it is not thought wise to seed anything to wheat but summer fallow.

Mr. BENNETT: Is that a condition of the grant?

Mr. GARDINER: It is not exactly a condition. The provincial department of agriculture is responsible for the administration. The province and the municipalities, which are cooperating with the province, decide largely upon the terms. But I may say that I had a letter of protest this morning, and one of the things the writer said to me was that he had taken a post hole digger and gone out and tested and found dust at the bottom of the hole. If that is the condition, anyone who understands the matter will realize that one of the provisos should be that the government is not guaranteeing the supplying of seed at this stage on anything but summer-fallowed land. A little later on, if weather conditions change, there is a possibility that it may be considered advisable to go a little further than that. At present it is not deemed wise to proceed any further.

Mr. DONNELLY: Are the mortgage companies supplying any of the seed or any of the assistance in putting in the crop this year?

Mr. GARDINER: The federal government has not been called upon for any guarantees as far as the mortgage companies are concerned. The mortgage companies have an arrangement with the provincial government under which they put out seed on all the lands in which they are interested.

Mr. DONNELLY: That is aside from this entirely?

Mr. GARDINER: Yes.

Mr. COLDWELL: I suppose all the western members are being deluged with protests at the present time, more particularly from areas in Saskatchewan.

Mr. DUNNING: That is bound to happen.

Mr. COLDWELL: I think this is a matter which we should carefully consider. I understand the statement of the minister this morning, and I understand also the reason why it is felt necessary to discourage seeding on land which is dry. At the same time I would point out that the people on these lands have to live, and they are endeavouring more or less to meet the situation by seeding in the hope that moisture will fall a little later in the season. That of course is what has been done over a considerable period of years. But as I understand it, this is a blanket reduction in the amount of seed, feed and fuel to be given. I have in my hand a circular issued on March 20 by the deputy minister of agriculture of the province of Saskatchewan, and I will read from it, if I may, just one paragraph:

> In municipalities where initial requisitions did not appear to be excessive in comparison with others, when yields and acreages are considered, we have for the present reduced wheat, barley, flax and rye to 75 per cent; seed oats to 80 per cent; feed oats, petroleum products and fodder to 60 per cent of the quantities stated in our circular 506/37. These percentage reductions average slightly over 30 per cent, although they may vary slightly per municipality—according to the class of commodity in greatest demand.

At this stage of the session some of us I think are not very clear about a number of things because we are trying to attend to too many matters at once. Is this percentage reduction on the amount of money to be granted or on the amount of wheat, oats, barley and fuel? Is it expressed in terms of dollars or in terms of bushels and quantities?

Mr. GARDINER: There never has been any percentage of reduction in so far as the federal government is concerned. Negotiations have been going on between the municipalities and the provincial government.

Mr. COLDWELL: I understand that.

Mr. GARDINER: In the requests made by the municipalities to the province I understand that they asked for $8,700,000. The province submitted that to the federal government, the matter was discussed, and a final conclusion reached. This amount of guarantee in the present year is not a decrease, but an increase of $2,600,000 over last year. In

the light of the experiences we have had, I do not think anyone in the south country will be denied seed where seed is essential. It is altogether wrong to suppose that between now and the end of seeding these people will not be fully taken care of. But it would be wrong from the point of view of this government, as representing all the people of Canada, to give out the impression that there is available $8,700,000 at this time for the supply of seed and other requirements through that country. I think the whole thing will be taken care of under the guarantee that is provided in the bill, and no one needs to worry unduly with regard to the outcome. A glance at the figures with regard to Alberta and Manitoba as compared with Saskatchewan will I think bear out my contention in that regard; for if Alberta can properly provide for her people with $1,600,000, presumably Saskatchewan can amply provide for hers with a guarantee $6,600,000.

Mr. BENNETT: Four times as much.

Mr. DONNELLY: The objections I receive from western Canada seem to be that the municipalities have figured out how much fuel and seed they need and have sent their requests to the provincial government, now, since they do not receive the exact amounts which they have asked for, or practically speaking twenty-five per cent less, the municipalities or the provincial government have decided to reduce by twenty-five per cent the amount of seed which each of these farmers shall receive. So that a man who asked for three hundred bushels will obtain only three-fourths of that amount. I do not think that many farmers are worried about the man who expects to seed three hundred bushels of wheat, because in the dry area anyone who requires that amount will be able to seed practically a section of land, or as much of the section as is fit to be seeded. But where a man has a hundred acres of land ready to seed the quantity has also been cut down twenty-five per cent, so that he will have enough to sow only about seventy-five acres. Not only that, but the amount of feed and fuel he is to receive in order to put in his crop has been cut by forty per cent. I understand quite well that this is not a dominion but a provincial affair, because the cut has been made by the province, but I draw attention to the objections I have received from these smaller farmers because they will not be enabled to put in enough seed to carry them through the year. I might add, with regard to the drought area, that this morning I received a letter saying that they have had over two feet of snow in that section, and I hope it is correct and applies to all that area, because it will mean a great difference in the prospects for the coming year. I think the government is well advised not to give too much seed and relief; on the other hand, if the prospects are for a good crop, farmers should receive enough seed and fuel assistance to enable them to put in a substantial crop, especially in districts which have had no crop for seven or eight years.

[Mr. Gardiner.]

Mr. DOUGLAS: I agree with the hon. member for Wood Mountain (Mr. Donnelly). If there is to be a reduction of the amount given to each farmer, certainly it ought to be on a graded basis with reference to the farm. As I understand it, this statement was sent out by the provincial government on January 28, 1937. to the different municipalities suggesting a basis upon which distribution would be made. It was as follows:

Total acres in farm under cultivation	Per cent to be seeded	Maximum acres to be seeded
Under 160 acres	three-fourths	120
160 to 300 acres	two-thirds	200
300 to 400 acres	three-fifths	240
Over 400 acres	one-half	300

That was the basis upon which the municipalities proposed to make up their estimates. On seeding rates, it was as follows:

Wheat	1-1¼ bushels per acre
Oats	1¾ bushels per acre
Barley	1½ bushels per acre
Flax	½ bushel per acre

The estimated amount of fuel was to be just one and a half gallons of distillate per acre; six gallons of gasoline per hundred gallons of distillate; lubricating oil, four gallons per hundred gallons of distillate. On the basis of this statement issued by the provincial government to the municipalities the requirements of the respective municipalities were sent in. As I understand it, to have satisfied them in full would have required some $8,700,000. The amount which the federal government is prepared to guarantee is the amount which is stated in the resolution, namely $6,600,000, which necessitated a reduction of some $2,000,000 on the part of the provincial government. That has resulted in reduction of feed and fodder of forty per cent; in tractor fuel, forty per cent; in seed wheat, twenty-five per cent; in seed oats, twenty per cent. That is practically what it amounts to. It means that if the amount permitted for seed were converted into wheat, in the event of the farmer not sowing oats, where tractor farming is prevalent, the quan-

tity permitted would be 250 bushels of wheat; and if all feed were converted into tractor fuel, the total amount permitted would be $57.50.

Mr. ROSS (Moose Jaw): How many acres?

Mr. DOUGLAS: That is the maximum amount permitted. The maximum is 300 acres. As the minister says, there has been an increase of two and a half millions over last year.

Mr. GARDINER: It is $2,600,000, that is guaranteed. It is about $3,000,000 over what was actually put out.

Mr. DOUGLAS: But the area is considerably larger. There are more people within the area now dependent upon government assistance in the matter of feed and seed, and the cost of that seed is much higher than it was last year. Consequently it is doubtful whether there will be more feed and seed and tractor fuel issued in terms of gallons and bushels. It seems to me the hon. member for Wood Mountain has raised an important point. A man putting in 300 acres and having a reduction of forty per cent in feed and fodder, forty per cent in tractor fuel and twenty-five per cent in seed wheat and twenty per cent in seed oats will be restricted in his seeding. But when you apply a reduction of forty per cent to the man putting in 120 acres out of 160 acres—

Mr. GARDINER: The hon. member says, when "you" do so-and-so. May I point out that it is the provincial government and the municipality that are doing all that. We here have nothing to do with all that.

Mr. DOUGLAS: I was not referring to the government; that is merely a manner of speaking. What I was about to point out was that there is a greater restriction imposed on the man with a quarter section than there is upon the man with either a whole or a half section when the reduction is the same. For the man with a quarter section it means that he can seed about seventy-five acres, which, even allowing for average moisture conditions, cannot possibly yield him sufficient to live on, whereas the man putting in three hundred acres is subject only to the same percentage of reduction. I have been addressing myself to the Minister of Agriculture though I know it is not his business; it is a matter for the provincial government. On the other hand, we find as a result of the survey made by the provincial government as set out in the circular issued on January 28, that $8,700,000 was required, and this sum had to be reduced because the federal government could not guarantee it. If the federal government could find it possible to guarantee a larger amount it would certainly enable the government of Saskatchewan to make a more magnanimous offer, particularly to the farmer who has only a quarter section and who, under the regulations, will be able to seed only seventy-five acres. He is the man to be kept in mind. It would not involve the guaranteeing of a much larger amount; and, after all, this is not a vote. The government is not being asked to give $6,600,000 to the province of Saskatchewan; it is merely asked to guarantee that sum, and it will not be due for three years, even in the event of non-payment. For a small percentage more it would be possible for Saskatchewan to offer at least to the small farmers a much better proposal than it can make under a forty per cent reduction in feed and fuel, and twenty-five per cent in seed.

Mr. BENNETT: One thing bothers me. The Minister of Agriculture has made it abundantly clear that all we have to do is to say yes or no, that we will or will not guarantee. The conditions with respect to seeding are matters between the citizens of the respective provinces and their provincial governments, and the only issue that is presented to us is that of giving our guarantee to these provinces. That is all. We have no option unless the government did what I think might be the proper thing to do in view of what the Minister of Agriculture has said, namely, to insert in the granting of the guarantee conditions that do not seem to be possible having regard to the circumstances to which he has alluded. Here is the issue that arises out of what has been said. This must have been known to everybody: since last fall the price of wheat has gone from less than $1 to $1.50, and I am told that the wheat is not all bought yet. Under these circumstances it is quite clear that any forehanded action would have contemplated at least the getting of these supplies of seed grain before now. My information is that only during the last few weeks has any effort been made to buy grain, and these efforts are being carried on now with great zeal. Surely, in view of what everyone was of the opinion would happen, the purchase of this seed grain should have been made before the market reached its present high figure. The extent to which we might have to assume responsibility for that arises out of the fact that it must have been known to everybody here that seed grain had to be provided or no crop would be put in; and inasmuch as last year we had to come to the aid of the provinces because the banks

would not accept their guarantee, we had no reason to believe, in view of the reports made since, that the same condition would not again arise.

I find it difficult to understand why these provisions have not long since been made, as the money that we shall have to guarantee would have gone for the purchase of many more bushels of grain than can now be acquired. It would look as if that were responsible for cutting down the figure from $8,000,000 and something to $6,000,000 odd in Saskatchewan.

I should like to have had the acreage, because talking about municipalities means nothing to anyone. There are municipalities in which the number of acres that have been without any crop is very limited. There are some in which only half, and others in which the whole area has been affected, and I was anxious to get from the minister the information upon which the government arrived at its conclusion. I asked how many acres of land in a period of five years had been continuously non-producing. The minister said that in 156 municipalities over a period of six years the average has been 5·4 bushels per acre. That answers the question as far as years and the average under crop are concerned, but it does not give any intelligible answer to the average man as to the number of acres affected.

Mr. DUNNING: It is exceedingly difficult to get that.

Mr. BENNETT: I thought the government of Saskatchewan had that information all collected long ago.

Mr. DUNNING: It shifts from year to year.

Mr. BENNETT: The returns are sent in complete at the end of every year so that they know exactly how many acres continue to be without a crop over a given period, five or six years. I was told so.

Mr. DUNNING: But they are not the same acres each year even on the same farm. It varies.

Mr. BENNETT: They may not be the same acres even on the same farm, but the number of acres, one hundred or whatever it is, without any crop would be known just the same.

Mr. DUNNING: But the trouble is one hundred was not planted at all.

Mr. BENNETT: I realize the condition, but I thought the government would probably be in possession of information of that kind upon which to found their conclusion about their guarantee. I am inclined to agree with the minister that to say that you will guarantee the obligation of the provinces to the banks for seed grain and other assistance supplied to the settlers, regardless of any check upon the amount required, would arouse a great deal of hostile criticism in eastern Canada and other parts of the country. What the hon. members for Wood Mountain (Mr. Donnelly) and Weyburn (Mr. Douglas) have said is quite clear, that if the provincial government has cut down the small man in the same ratio as the larger, it must work to the disadvantage of the small man. I cannot conceive of any government doing that, because the anxiety of the provincial government is to secure as far as possible the welfare of the largest number, and the largest number would be those occupying the smaller areas. But that gets us back to the fact that we are guaranteeing nearly $9,000,000, and the issue is simple; shall we do so or not? No conditions are imposed as far as we are concerned. I assume however that the government does provide that it is only an ultimate liability. It may be that the Minister of Finance will see a loss at once and desire to put an appropriation into the estimates for it—

Mr. DUNNING: I definitely allow three years in the legislation.

Mr. BENNETT: Well, that meets that question, but non constat another session he may reduce it to one year in his anxiety to show a loss at once. At any rate the condition we impose is ultimate liability, I take it.

Mr. DUNNING: Right.

Mr. BENNETT: That being so the only issue is, shall we give the guarantee or not? Apparently there are no conditions as between the provincial government and the federal government; that is a matter between a provincial government and the municipalities and settlers.

Mr. DUNNING: In the nature of things we cannot follow through to the individual. When the bill is before us the Minister of Agriculture will be prepared with a complete statement.

Mr. BENNETT: The issue narrows itself down to whether as a matter of national policy we shall give a guarantee to the provinces, which are themselves unable to secure the necessary money from the banks. It did seem to me, in view of the fact that we must have known that this responsibility was upon us, that the purchase of this grain might have been made some time ago.

Mr. GARDINER: All the physical arrangements in connection with the placing of the seed in the proper place in elevators were made as usual between last fall and down to the present time, irrespective of who was going to pay. That is all done every year.

Mr. BENNETT: That is satisfactory, and meets the criticism I made a moment ago, if the arrangements were made last fall.

Mr. GARDINER: That is the arrangement for placing the grain, not for the price to be paid. There is an understanding arrived at as to what the margin is to be between the price paid and what the market price happens to be on the day the grain is taken.

Mr. BENNETT: I think the minister will admit that that is not very satisfactory to the one who has to pay. The difficulty is that we have not provided against this contingency long ago but waited until the price has gone up 33 per cent or more. It is a dangerous position we are being driven into. We admit that the credit of three of our western provinces is not good enough to enable them to borrow from the banks $9,000,000.

Mr. DUNNING: My right hon. friend will remember 1935.

Mr. BENNETT: Yes I do, and apparently the situation has not improved.

Mr. DUNNING: In that case I think the federal government supplied the seed.

Mr. BENNETT: Yes, they bought the seed.

Mr. DUNNING: Which is a much more expensive method.

Mr. BENNETT: If it is it should not be followed. But the answer as to the conditions under which we should finance the matter does not seem to be forthcoming, for the simple and obvious reason that we are not in a position to do more than say yes or no, as a matter of national policy.

Mr. DUNNING: That is right.

Mr. QUELCH: Mr. Chairman—

Mr. DUNNING: If hon. members would be good enough to wait for the bill I am sure a great many of their questions would be automatically answered.

Mr. BENNETT: The bill will be printed to-day?

Mr. DUNNING: Yes, and distributed. It cannot be introduced until this resolution passes. I did not want to be in the position of crowding the bill in the closing days of the session. I would rather crowd the resolution a little.

Mr. QUELCH: Is the $1,600,000 for Alberta the full amount that the provincial government requested the federal government to guarantee?

Mr. GARDINER: The request was for $2,000,000, and just as in the case of Saskatchewan, finally they brought it down to $1,600,000.

Mr. DOUGLAS: When the leader of the opposition referred to the reduction in the same ratio for farms of different sizes the Minister of Finance (Mr. Dunning) shook his head. But with all deference, the only thing we can go by is the statement being sent out by the provincial department of agriculture. In their last statement they made it very clear that no difference was made as to the size of the farms, but simply said:

> In municipalities where initial requisitions did not appear to be excessive in comparison with others, when yields and acreages are considered, we have for the present reduced wheat, barley, flax and rye to 75 per cent; seed oats to 80 per cent; feed oats, petroleum products and fodder to 60 per cent of the quantities stated in our circular 506/37.

From which I have already quoted.

Mr. DUNNING: The Minister of Agriculture will explain that. It can be done at this stage if necessary.

Mr. DOUGLAS: In one breath we are told that the provincial government is entirely responsible, and in the next the Minister of Finance explains that the statements made in this circular will not be carried out. If there is going to be some difference in the ratio of reduction we should have a statement from the minister.

Mr. GARDINER: Part of the reason for the change is the fact that what happens this year is the same as happens every year. Feed and fodder are provided for to the end of the financial year, and it has been the custom to extend the time beyond March 31 if weather conditions require it. If seeding operations were to start this year early in April it would not have been necessary to extend feed and fodder supplies through April. But since it appears now that it will be approximately May 1 before seeding operations get under way in the greater part of Saskatchewan, feed and fodder have to be supplied for live stock under the winter arrangement down to the time that live stock can be turned out, which is practically when seeding operations begin. For that reason when the provincial government and others responsible in the west got closer to the period it was

possible to estimate the feed supplies for seeding lower than would have been the case if they had had to start putting out seeding supplies at the first of April.

Mr. DOUGLAS: Does that cover petroleum as well?

Mr. GARDINER: The petroleum will not be used until May in any case. The general reduction indicated in the letter does not apply to individual cases. That letter was not written to individuals; it was written to the councils of the rural municipalities, and it was pointed out that generally speaking it would be necessary to reduce the amounts by 25 per cent. The amount of the guarantee suggested in the original forms filled out last January was $8,700,000; the amount proposed now is three-quarters of that sum, and the municipalities were told that it would be advisable for them to try to make a cut of approximately twenty-five per cent. That does not mean that you are simply going to take every individual and cut him twenty-five per cent. When individual applications are made the council will have in mind that they must get the amount down, and they will reason with people as to the amount required, trying to get the estimate made in the first instance reduced by approximately twenty-five per cent. There will be municipalities where that will be impossible, but it is hoped that there will be other municipalities whose estimates can be reduced by fifty per cent.

Our experience over the years has shown that even when the provincial governments and municipalities have done all the cutting they thought essential, when the federal government came into the picture and brought more pressure to bear in order to get the amount cut down the amount provided has always taken care of the seed requirements. I think that will be true this year, as it has been in other years. Last year $4,000,000 was insisted upon and only $3,500,000 was required. This year the municipalities are insisting on $8,700,000, and the amount has been worked down to $6,600,000. I am quite satisfied that as the season goes along and the pressure is kept on all along the line, this $6,600,000 will take care of the needs of the people, and every farmer will have what he is entitled to, whether he has a small or a large farm.

Mr. ISNOR: We from the east hesitate to ask questions pertaining to wheat or grain concerning the west, but would like to know exactly what we are voting on in this case. I do not propose to go into details as to the arrangements with the various provinces in regard to the guarantee, but I should like some information from the Minister of Finance with regard to the use to which this $8,950,000 is to be put. Last year, I understand, the amount was $6,750,000.

Some hon. MEMBERS: No; $4,000,000.

Mr. ISNOR: Well, that is $12,950,000 in two years, and in 1935 we paid the cost outright, so that the dominion government is paying a very tidy sum to the three prairie provinces.

Mr. DOUGLAS: It has not been paid; it is just a guarantee.

Mr. ISNOR: In 1935 a stated amount was paid by the Dominion of Canada, as I understand it. Last year we gave a guarantee, and I should like to know from the Minister of Finance exactly the amount outstanding which is guaranteed by the dominion. In the second place I should like to know whether these loans have been made by the banks on the guarantee of the various provinces, or if they are still to be made. I am speaking to this particular legislation, because this resolution includes these words, "and interest of loans made by chartered banks." I should like to have that point cleared up, and may I point out to the hon. member who stated that this was not a debt that it is an indirect liability as long as it is guaranteed and not paid.

Mr. DUNNING: Well, Mr. Chairman, in reply to the questions of the hon. gentleman I think I indicated previously that of the $4,000,000 which we were authorized to guarantee a year ago, as yet no guarantee has been given because the full details have not been provided as to the aggregate amount. We do know, however, that as of the first of last month the maximum amount outstanding of that $4,000,000 was $2,500,000. In connection with that guarantee, it does not become operative as a matter of claim by the banks until the end of the three year period, and this year the same procedure will be followed.

A short time ago I remarked to the right hon. leader of the opposition that this was a more economical way of handling this problem. I made that statement for the reason that in Saskatchewan this policy has been followed provincially for a number of years. I think I introduced the bill which inaugurated this method of dealing with seed grain as against the government handing it out. That was in 1917, and at that time we had a dominion government guarantee just as is now proposed. The Minister of Agriculture will correct me if I am wrong, but over a period of years during which large amounts

of seed grain were supplied under this sort of plan, the experience of Saskatchewan has been that the average annual loss has amounted to some $34,000 a year. Those were the average aggregate ultimate losses. I know that the periods during which that plan was in operation did not include a period in which conditions were as bad as they have been for the last five years—

Mr. BENNETT: I think there have been only five years during which it has not been necessary to supply seed grain, since we acquired this territory.

Mr. DUNNING: It has always been a problem in western Canada.

Mr. GARDINER: I think it started back about 1870.

Mr. DUNNING: But from my experience in the west I conscientiously believe this method of dealing with it to involve the very minimum of ultimate dominion liability. That, I think, answers the questions of my hon. friend.

Mr. ISNOR: If it is necessary to guarantee it at all, then I would say yes.

Mr. PERLEY (Qu'Appelle): The Minister of Agriculture stated that arrangements were being made last fall to have the wheat left in the elevators in certain areas, as I understood it.

Mr. GARDINER: Or shipped to those areas.

Mr. PERLEY (Qu'Appelle): What system was adopted? As I understand it, in those areas there would not be very much of a crop, and I was wondering what system was adopted in securing the wheat. What firms shipped wheat to the elevators in those areas and what arrangement was made as between the government and those firms with respect to the time when the wheat would be taken over by the government? I think there must have been some estimate made as to the acreage, apart from the estimates of the municipalities, and the minister should give us the comparative figures—

Mr. GARDINER: If the hon. member would follow the suggestion made by the Minister of Finance, I should be quite prepared to bring down all that information when the bill is under consideration. I have not all the details here this morning, but I believe the approximate figures are available.

Mr. FAIR: I should like to ask the Minister of Finance whether the $34,000 mentioned by the minister a few moments ago was paid by the provincial or by the federal government.

Mr. DUNNING: It depended upon whether or not the dominion was on the guarantee. If the dominion was on the guarantee then there would be an average of $34,000 paid by each of the two guaranteeing parties. That has been the experience of the past. I do not want to hold out to this house the possibility that it may work out as well this year, having regard to the conditions that have prevailed during the last five years, but I do say that this method of maintaining individual responsibility to the extent of the ability to pay, by way of the guarantee method, is proving the most economical and effective method of governmental dealing with the matter. I may be wrong, but I think the facts support my statement.

Mr. FAIR: Where the farmers have had crops, has it been the experience of the minister that they have paid their debts to the province and to the dominion?

Mr. DUNNING: My experience of farmers is that they are pretty good pay if they have anything to pay with. We must remember that there are good and bad in all classes, even among farmers. However, last year's experience wherein almost a third was paid back would indicate a sense of responsibility on the part of those who are securing seed under this plan.

Resolution reported, read the second time and concurred in. Mr. Dunning thereupon moved for leave to introduce Bill No. 101, to assist the provinces of Alberta, Manitoba and Saskatchewan in financing the cost of seed and seeding operations for the crop year 1937.

Motion agreed to and bill read the first time.

COMBINES INVESTIGATION ACT

PROVISION FOR ADMINISTRATION BY COMMISSIONER UNDER MINISTER OF LABOUR

The house resumed from Friday, April 2, consideration in committee of Bill No. 41, to amend and consolidate the Combines Investigation Act and amending act—Mr. Rogers—Mr. Sanderson in the chair.

On section 23—No witness excused from giving evidence on ground it may incriminate him.

Mr. CAHAN: I have nothing to add to what I have already said with regard to the section. I do not think it would help if I were to enter into a discussion of the observations of the hon. member for Selkirk (Mr. Thorson), because I believe that not only in his mind but in the minds of some others

there is confusion with regard to the matter under discussion. It is an elementary principle of British justice and in accord with sound public policy that no witness—and I refer to a witness, particularly—should be compelled to give evidence to convict himself of a crime, whether by oral or documentary evidence. That is a sound principle which for many generations has been sustained in the courts. I have an opinion, perhaps a personal one, that a witness before a court is fully protected in either case, that is in the case of giving oral evidence or producing documentary evidence, when and in so far as he objects on the ground that his oral answers or the documents he is asked to produce would tend to incriminate him. However, I do not intend to enter upon a prolonged legal discussion. I believe the principle I have set out is likely to be sustained, even if section 23 passes in its present form.

That is all I have to say. I had not the time to go into the numerous cases on the subject, but I have gone through them in times past, and in doing so formed the opinion I have stated. Whether it is valid or not will be determined by the courts when a prosecution to which this section applies is made.

Section agreed to.

On section 24—Inquiries Act applicable to investigations.

Some hon. MEMBERS: Carried.

Mr. CAHAN: Just a minute; we are not going through the bill at that rate.

Mr. MACKENZIE KING: The only change is in connection with the word "commissioner."

Mr. STEWART: Subsection 2 is new.

Mr. CAHAN: I suppose the government intends to insist upon subsection 2 as a matter of policy. It has ample majority to sustain it.

Mr. ROGERS: It is a matter of the substance of the clause rather than one of applying the majority, except in respect of a matter which we believe is recommended by sound public policy. In the present instance we make a provision whereby the governor in council may authorize the commissioner to have and exercise any of the powers which are conferred on the dominion trade and industry commission under sections 20 and 23 of the Dominion Trade and Industry Commission Act, 1935. We feel it is wise to have that power residing in the governor in council whereby certain of the functions now entrusted to the dominion trade and industry commission may under the Combines Investigation Act be transferred to the commissioner. It is a power to be exercised at discretion.

Mr. CAHAN: In so far as it is only at discretion, it might pass.

Section agreed to.

On section 25—Information not to be disclosed.

Some hon. MEMBERS: Carried.

Mr. ROGERS: I have an amendment to this section.

Mr. CAHAN: Mr. Chairman, I do not wish to object unnecessarily but we can insist upon the clauses being read in committee. At least we should be given sufficient time to refer to them.

Mr. POWER: I move in amendment:

That section 25 be amended by adding thereto, as subsection (2) the following:

"Any person violating any provision of this section shall be guilty of an offence and liable upon summary conviction to a fine not exceeding $200."

Amendment agreed to.

Section as amended agreed to.

On section 26—Proceedings in private or in public.

Mr. CAHAN: I have not the letter before me at the moment, but one of the boards of trade sent in a memorandum with regard to this section in which they called attention to the fact that the bill authorizes a preliminary inquiry and also a subsequent inquiry upon which the final report of the commissioner would be based. The brief sent to me suggested the insertion of the words "except preliminary inquiry" after the words "proceedings" in the third line. It is suggested that the preliminary inquiry should not be made public, as in many cases such an inquiry will no doubt result in no finding by the commissioner and it would be unfortunate if the proceedings were made public. A subsequent section provides that the proceedings in the real investigation, which may be contested, shall be public or private in the discretion of the commissioner. In order that the matter might be considered, I move that the words "except preliminary inquiry" be inserted after the word "proceedings" in the third line of this section.

Mr. STEVENS: Mr. Chairman, I have a suggestion to make to the minister which, if it meets with his approval, may affect somewhat the amendment just suggested. May I

say at once that I agree entirely with the hon. member for St. Lawrence-St. George (Mr. Cahan) that the preliminary inquiry ought to be private. However, when we come to the major inquiry my contention is that we should fix it in the statute that such inquiry shall be public except where the commissioner deems it advisable that it should be private. For instance, confidential documents may be under consideration and it might be deemed advisable to have the hearing in private. There is considerable controversy about the question of jurisdiction between the provinces and the dominion, and one of the chief weapons that the government and parliament has to deal with matters of this kind is publicity. Generally speaking, no right cause is injured by publicity, but it must be admitted that there may be portions of private business operations which it might not be advisable to make public. This section as it now reads states that the hearing shall be private and the public part of it is at the discretion of the commissioner.

Mr. CAHAN: Section 29 contains something bearing on that.

Mr. STEVENS: That deals with reports; I am speaking of hearings. The minister will get my point. First, there is the value of publicity in dealing with this class of problem, and, second, we should not provide by statute that these inquiries shall be private and then leave it to the discretion of the commissioner to decide that under certain conditions the hearing shall be conducted in public. I think we should follow the general practice of the board of railway commissioners, the tariff board and the regular courts. Presumably the matters to be dealt with under this legislation will affect the public and they should be considered in a public way. I suggest that the word "private" in the second line should be changed to "public," and the word "public" in the fourth line should be changed to "private." It is just reversing the order in which they appear in the section. I have no objection at all to the suggestion made that the preliminary inquiry should be private.

Mr. ROGERS: I can see the force of the observations of my hon. friend with regard to having proceedings of this kind in public wherever possible, but I am bound to say that the experience in the administration of the act has been that there is a decided advantage in having the preliminary inquiries conducted in private.

Mr. STEVENS: I am not objecting to that.

Mr. ROGERS: And in some cases to have the further inquiry conducted in private. This is done to expedite the proceedings and also to prevent purely vexatious matters being brought out in investigations under this legislation. It does seem to be desirable to preserve the discretion provided for by this section. As to the point raised by the hon. member for St. Lawrence-St. George (Mr. Cahan), I see no reason why the amendment he proposes could not be accepted. I believe this amendment is supported by the hon. member for Kootenay East (Mr. Stevens).

Mr. CAHAN: I move accordingly.

The CHAIRMAN: Will the hon. member kindly put his amendment in writing?

Mr. STEVENS: While the hon. member is writing out his amendment, I should like to say a word or two. I appreciate what the minister has said from an administrative point of view, but we must remember that this act has been and is a major statute. It is something of great importance and in my opinion it is unwise as a matter of procedure to leave too much discretion in the hands of those who are to administer it, in this case in the hands of the commissioner. I cite again the railway board, the hearings of which are generally held in public. There may be some occasions when the hearings are held privately, but generally they are public. The same applies to the tariff board. These are quasi courts; perhaps they have not all the formalities of the courts, but they consider matters brought to trial, if you like, upon which decisions are arrived at. The one thing we should endeavour to preserve is the matter of publicity in connection with the quasi judicial or judicial consideration of the matters of import which would come before this commissioner. I would preserve the right to declare that a hearing shall be private. The responsibility of deciding whether or not a hearing should be private would rest upon the shoulders of the commissioner, who would naturally have real cause for his decision. As the section now reads, it is mandatory that the proceedings be conducted in private.

I submit further that there is a grave danger of discrimination. It is difficult sometimes to discuss these matters without appearing to reflect on individuals. I hope that any such idea will be dismissed; we are dealing with a statute which will continue in force for many years. But one can imagine circumstances wherein, under this law, a commissioner might penalize one group or concern as against another, whereas if the wording were as I suggest, it would be in the

nature of a favour and the party would certainly have to demonstrate why such a favour should be granted; in other words there would have to be sound ground for the decision that a hearing should be private. The statute should be so drawn that a minimum of discretion is given, but certainly where discretion is essential it ought to be given. In my opinion the old clause which provided that "the sittings of the commission shall be public or private as the commission decides," was quite satisfactory. I think this present move is a retrograde one; we are going back to Star Chamber methods rather than accepting the modern idea of conducting national affairs in a public way. Even in respect of international issues efforts have been made to get away from secret diplomacy, which has been recognized as a cause of many difficulties. True, the League of Nations has not been an undoubted success, but its open study of international affairs has been all to the good. The same principle applies to this measure. These are days of progress, when the tendency is for businesses to be concentrated more and more under the control of great and powerful corporations: there is no need to reflect on corporations, but as they grow, and as their methods of doing business progress, surely we must keep in mind the interest of the people as primary and predominant. For that reason I strongly urge the adoption of my suggestion.

The CHAIRMAN: Shall the amendment carry?

Mr. TAYLOR (Nanaimo): Has it been definitely decided that the minister is not going to make any change in the question of public or private proceedings? I am inclined to agree with the hon. member for Kootenay East (Mr. Stevens) that we shall be going back to star chamber methods if we do not change this. Can the minister, assuming he is correct, give us any idea of the circumstances under which the commissioner might decide that the proceedings should be conducted in public?

The CHAIRMAN: Order. I would draw the attention of the hon. member to the fact that the amendment is now before the committee.

Mr. TAYLOR (Nanaimo): I am quite in order, I think, Mr. Chairman.

The CHAIRMAN: The hon. member is quite in order if he is discussing the amendment.

Mr. TAYLOR (Nanaimo): I am, precisely.

[Mr. Stevens.]

The CHAIRMAN: Otherwise he is not in order.

Mr. TAYLOR (Nanaimo): I am objecting to the amendment going through if there is to be any alteration of the intent of this clause. I would like the minister to state specifically under what circumstances the commissioner might be justified in refusing a public investigation.

Mr. ROGERS: I had proposed to deal with that question before the clause as amended was carried. Again I would say that I can see a great deal to support the view that these proceedings should be held in public. But I am quite sure that the hon. member for Kootenay East (Mr. Stevens) is aware that these preliminary inquiries in the past have been necessary in many cases where there was a mere suspicion that a combine existed and that very often that suspicion was not based upon a sound foundation.

Mr. STEVENS: I am not questioning the preliminary.

Mr. THORSON: And where a public hearing might do harm to the parties.

Mr. STEVENS: I am not questioning the preliminary inquiries; I think I made that clear. I am dealing with major inquiries.

Mr. ROGERS: That is the inquiry which follows the preliminary inquiry.

Mr. STEVENS: Quite.

Mr. ROGERS: In that case the practice has been, I understand, in most cases to have the proceedings in public, but I question whether it would be wise to make it mandatory that the proceedings be held in public.

Mr. STEVENS: Qualified as it was previously. The minister does not quite grasp the point. I am not suggesting that there should be no discretion, but what we are making mandatory now is that the proceeding shall be private except where the commissioner decides it shall be public. I am simply asking that the law as it stands shall be preserved—that it be public, and that in the discretion of the commissioner it may be private.

Mr. FACTOR: So far as the preliminary inquiry is concerned I thoroughly agree with the hon. member for St. Lawrence-St. George (Mr. Cahan) that it should be private in all cases, because a preliminary inquiry conducted in public might do irreparable injury to the party investigated. But I must lend my support to the hon. member for Kootenay East (Mr. Stevens). Under the old section

it is provided that "the sittings of the commission shall be public or private as the commission decides." The new section makes it mandatory that the inquiry be held in private and only in public in cases wherein the commissioner so decides. I believe that the whole principle and objective of this bill so far as the main inquiry is concerned is the searchlight of publicity. I had occasion to serve on a certain committee, and I know this, that though it may have done a lot of harm in certain cases, it did more good because of that searchlight of publicity. I know of one case in which a large corporation increased its wages because of the investigation before that committee or commission. And particularly in dealing with combines, mergers, monopolies and cartels, with which I must say we are honeycombed in this country, I submit with all due deference and respect to the Minister of Labour (Mr. Rogers) that the chief objective should be a public inquiry, although I can very well see that a public inquiry may do a lot of harm in certain cases. In other words the rule should be the public inquiry and the exception should be the private inquiry. I want to urge upon the minister that he take this contention into consideration.

Mr. BLACKMORE: I should like to associate myself in this matter with the hon. member for Kootenay East (Mr. Stevens). I believe that that is just how an inquiry should be conducted. I have not been convinced at all that there has been sufficient abuse in the administration of the former act to justify the change which has been suggested by the minister.

Mr. SLAGHT: I desire to associate myself with the recommendation of the hon. member for Kootenay East (Mr. Stevens) on the ground put by the hon. member for Spadina (Mr. Factor). Increasingly in this day and age is the public dissatisfied with closed door inquiries, and therefore if we can, without injury to private interests, conduct these inquiries in public we should endeavour always to do so.

Mr. COLDWELL: I was just going to say very much the same thing. In view of what appears to be the general feeling of the committee I suggest the minister would be well advised to take these representations into consideration and see that hearings in camera are not held.

Mr. ROGERS: I should like to make it clear that the clause as drafted does permit investigations to be held in public, and I do not think my hon. friend is entitled to assume that they would be held in private, particularly if there was any good object to be served in having them held in public. But I quite agree that there is much to be said for transposing the words as suggested by the hon. member for Kootenay East (Mr. Stevens) and as supported by other hon. members who have spoken, and I am just now trying to arrange the appropriate draft to meet it.

Mr. CAHAN: Could the section be allowed to stand until the afternoon session?

Mr. ROGERS: We will let it stand for the time being.

Mr. STEWART: Would not the old section meet the difficulty, with an addition so that it would read:

> The sittings of the commission shall be public or private as the commission decides, except the preliminary investigation, which shall be private.

That would give the commissioner discretion to decide that even the public investigation under certain circumstances should be private.

Mr. STEVENS: That is a compromise, but I should like to have it mandatory, and then the commissioner might decide that a portion of the proceedings be private. That reserves all the necessary safeguards for the preservation of reasonable privacy. It is not right to empower the commissioner to have a private hearing in regard to plumbers, for instance, while in another industry, the milling industry, say, he may be at liberty to hold the investigation in public. That is an unfair procedure. Let them both be public, provided that in matters that are essentially private the commissioner shall decide. The records would show whether his decision was wisely founded.

Mr. ROGERS: I suggest that the clause stand for the time being while we redraft it.

Section stands.

On section 27—Access to documents received in investigation.

Mr. CAHAN: This section provides that original documents received in evidence by the commissioner shall be held by him and that he may give certified copies thereof to the witness who has produced the documents in evidence. That is not an adequate provision. So far as the commissioner is concerned, certified copies answer his purpose, because they are receivable as evidence in the subsequent criminal proceedings, if there are any, as having the same force and effect as the

originals. I have in mind such a case in a civil proceeding. A witness produces important original documents, some of them promissory notes, bills receivable and acceptances, which are held in court, though certified copies of them are quite sufficient for the court. But certified copies of these documents could not be used by the witness in enforcing the liabilities of third parties, either in Canada or in foreign countries. In a business that is going on from day to day it is absolutely necessary that certain classes of documents, especially negotiable documents, should be available to the witness for the ordinary conduct of his affairs, and he should not be deprived of documents that are essential to the carrying on efficiently of his ordinary business. The commissioner, by retaining copies or certified copies, has evidence of the particular matter which he wishes to establish. But the facilities nowadays for the photographic reproduction of documents are, as the minister knows in his own department, so cheap and efficient that no objection could be urged to allowing original documents to be restored to the witness—because the witness is not necessarily the criminal or the person who is believed to be criminal. The original documents might be restored to him, while the commissioner, under the old section, would be allowed to retain copies, certified, or photographic, for use in the proceedings before him and for any subsequent proceedings that might be taken before the court. In my opinion subsection 2 of the old section 27 is a very proper one:

(2) The commission shall at the same time deliver into the custody from whence they came, if not already delivered, all books, papers, records and other documents in its possession as evidence relating to the investigation, but before doing so the commission may extract from such documents and certify as true copies such relevant parts thereof as it may deem to be necessary for any purpose of this act, whereafter such parts, so certified shall have and be accorded in all courts the same probative force as the equivalent parts of the originals of which they are copies.

I would point out that this parliament is not competent to deal with the probative force of documents in the civil courts, though so far as the criminal courts are concerned it has absolute jurisdiction.

Mr. THORSON: And in respect of an investigation into a combine it has jurisdiction and can declare what the probative effect of a document is.

Mr. CAHAN: That would stand as before. What I am saying is that the old section should be retained, because this parliament has jurisdiction only with regard to the probative force of documents introduced in criminal proceedings, but it is not competent with respect to civil proceedings, and certainly not with respect to civil proceedings which arise in foreign courts.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. TAYLOR (Nanaimo): Did the minister make any explanation to the hon. member for St. Lawrence-St. George (Mr. Cahan) about the documents?

Mr. ROGERS: This clause is very closely related to clause 20, which was under consideration a day or two ago. We feel that clause 27 as drafted is of very great importance to the effective administration of the act. I do not believe that we would be justified in making any further change.

Section agreed to.

Sections 28 to 30 inclusive agreed to.

On section 31—Reduction or removal of customs duties.

Mr. MacNICOL: Does the Minister of Labour ask for the authority to do that?

Mr. ROGERS: The provision is that this will be done only by the governor in council. It is one of the alternative remedies which has been in the act almost from the beginning. It was in the 1910 act, repeated in 1923 and also in the 1935 act, and was also in the Board of Commerce Act.

Mr. MacNICOL: I am quite in accord with it, but the order would have to come from the governor in council?

Mr. ROGERS: That is correct.

Mr. COLDWELL: Has this power been used frequently by the minister?

Mr. ROGERS: It has not been actually invoked under the provisions of the combines act. I think one may say it has had its effect as a deterring influence, but other remedies have usually been applied where the act has been violated.

Mr. COLDWELL: This is a very important penalty, and it is one I should like to see used. A while ago I raised the question in connection with the Coleman Lamp Company. Under such circumstances this provision would have a salutary effect, because after

all, manufacturing concerns which are protected by tariff have a very great advantage. This clause is one that I think the department might use, and give some tariff relief at the same time.

Mr. ROGERS: The power is here to be invoked when deemed expedient by the governor in council. I wholly agree with my hon. friend that the presence of this possible penalty in the act has a salutary effect, and possibly it would have an even greater effect if it were used more frequently.

Mr. MacNICOL: I cannot let the hon. member for Rosetown-Biggar (Mr. Coldwell) get away with any statement like that. That tariff is not for the purpose of raising prices—

Some hon. MEMBERS: Oh, oh.

Mr. MacNICOL: It is for the purpose of providing jobs for Canadians.

Section agreed to.

Section 31 agreed to.

On section 32—Revocation of patents.

Mr. ROGERS: I have an amendment to section 32—

Mr. CASSELMAN: Would the minister mind letting this section stand? I think the hon. member for St. Lawrence-St. George (Mr. Cahan) wishes to say something on it.

Mr. ROGERS: I am quite willing. I thought the hon. member for St. Lawrence-St. George would be here—I had a short talk with him at the close of the morning session. We are meeting very largely, if not wholly, the objections which he expressed to this clause when he spoke on the second reading of the bill. His point was in effect that ample remedies with respect to abuse of patents are provided in the Patent Act, particularly since the international convention of 1925, as far as revocation of patents is concerned. However, if my hon. friend wishes this clause to stand until later in the afternoon I am content.

Section stands.

Section 33 agreed to.

On section 34—Penalty for formation or operation of combine.

Mr. MacNICOL: Has the penalty provided in this section ever been invoked?

Mr. ROGERS: I might place on record a statement of the fines actually imposed in the administration of the combines act:

Western Canada fruit and vegetable wholesalers..	$200,000
Amalgamated Builders' Council..	45,200
Electrical Estimators' Association.	26,200
Canadian basket pool..	1,500
Anthracite coal importers..	43,500
	$316,400

Mr. MacNICOL: I am under the impression that a number of companies accused of being a combine made their arrangements on the advice of their solicitors. Some years ago a number of companies in Toronto engaged in a line associated with the building trade were brought before the courts and declared to be a combine; a number of them were fined and certain people either had to leave the country or go to gaol. In that case the companies concerned had the advice of the best solicitors they could get in Toronto. I think those solicitors, or whoever advised the company that they were making a legal arrangement, should have been fined and sent to gaol. You cannot put anything like that in this act, but when companies engage solicitors and later find that they have committed a breach of this act on the advice of their solicitors, I should like to see the penalty assessed against the solicitors rather than against the companies.

Mr. MASSEY: May I ask the minister on what these fines are based? I notice that the fine is $1,000 in one case and $100,000 in another.

Mr. ROGERS: The fines are imposed, as my hon. friend is aware, after criminal proceedings have been instituted in the courts. That is to say, the fines are not imposed simply as the result of an investigation which may take place under this act; the criminal proceedings must follow before a fine or other penalty is imposed. The amount of the fine, one must assume, would depend upon the nature of the offence, the degree to which the public interest had suffered through the operation of the particular combine. I may say that the reason the maximum penalty is increased lies in the fact that business operations have expanded very greatly since the fines were first set out in the combines legislation of 1889. At that time the maximum fine was $10,000, and it is obvious that you might have a combine which would find it to its advantage to continue its operations if the fine levied were of fairly modest proportions. As I say, the increase in the penalty is designed

to meet the case of very large operations of this kind, but it is wholly within the discretion of the court what fines may be imposed. What we have here is a maximum.

Mr. MASSEY: Did I understand the minister to say a moment ago that a fine of some $200,000 had been imposed upon one company in the west?

Mr. ROGERS: There were four individuals and four companies involved in that particular proceeding, and the total of the fines levied against the four individuals and four companies was $200,000.

Mr. MASSEY: Then under section 34 of this act it would be possible to impose a total fine upon four companies amounting to $400,000?

Mr. ROGERS: It would be possible.

Mr. MASSEY: You could multiply the $100,000 by the number of companies within the alleged combine.

Mr. ROGERS: Yes.

Section agreed to.

On section 35—Contempt of commissioner.

Mr. MASSEY: I should like to ask the minister if I am correct in understanding this clause to mean that if the commissioner should enter the office of the company in question and encounter difficulty within that office, he could cause the arrest of the person in whose office he might be; or does this apply only during an investigation?

Mr. ROGERS: To take advantage of this section, Mr. Chairman, the commissioner would have to be acting in the course of proceedings taken under the act.

Mr. MASSEY: Those proceedings would include any proceedings taken in the office of the individual or company concerned at the moment, would they not?

Mr. ROGERS: The proceedings taken under the preliminary inquiry would be included, if that is what my hon. friend has in mind.

Mr. MASSEY: No, that is not what I have in mind. Before the preliminary inquiry takes place the commissioner calls upon the individual or company concerned, wishing to see the books, and there is some trouble within that office. Would this section apply? No inquiry has been started; it is simply a visit by the commissioner.

[Mr. Rogers.]

Mr. ROGERS: It might apply in the case mentioned by my hon. friend, but that would be an extreme case, as he will readily understand. The commissioner must be acting pursuant to the provisions of the act before he can take advantage of this section, and obviously if he is acting pursuant to the provisions of the act it is desirable that he should be given every reasonable opportunity of obtaining the information necessary to carry on his investigation.

Mr. MASSEY: The right hon. leader of the opposition and the hon. member for St. Lawrence-St. George were very definite in their statements in regard to what they felt were the extreme powers vested in the commissioner. The hon. member for St. Lawrence-St. George particularly mentioned his objection to the fact that a commissioner might enter the office of an alleged combine and demand the production of documents and all that sort of thing. If there were any resistance to that procedure I presume this section would apply.

Mr. ROGERS: This appears to relate particularly to the sittings, that is, when the proceedings are taking place in a normal inquiry. My hon. friend will note the latter part of the clause:

> If in any proceedings under this act any person wilfully insults the commissioner . . . the commissioner may direct any constable to take such person into custody and remove him from the precincts and presence of the commissioner, to be detained in custody until the conclusion of the day's sitting, and such person shall be guilty of an offence and liable upon summary conviction to a fine not exceeding one hundred dollars.

I think it will be found that this section of the present bill is a repetition of the section in the 1935 act, with the word "commissioner" substituted for "commission." I am informed that this has been in the act since 1910.

Mr. MASSEY: Not being blessedly cursed, or cursedly blessed, as the case may be, with a legal mind, I wondered if the language of the section was clear. It says, "in any proceedings under this act." Surely as soon as the commissioner arrives at the office of the alleged combine that is a proceeding under the act, is it not?

Mr. ROGERS: I am not sure that I can answer my hon. friend with the sort of legal interpretation he expects, but I think we may conclude that since a similar provision has been in combines legislation since 1910 it is a reasonable method of assisting the commissioner in obtaining necessary information.

Sir GEORGE PERLEY: I think the hon. member is quite right in directing attention to this section, because in my judgment the words which have been inserted completely alter the meaning of the section in the sense mentioned by the hon. member for Greenwood. The words "under this act" have been inserted. Under the law as it stands at the present time the section reads:

If in any proceedings before the commission or any commissioner any person wilfully insults the commission—

Going to the office beforehand for the purpose of making an inquiry would not be a proceeding in that sense, but it appears to me that by inserting the words "under this act" it is intended to include the period before the inquiry begins. I do not think it was ever the intention that if, before the inquiry began, someone went to an office and asked questions and so on, that should be taken as being part of the proceedings under this act. That is the way it reads now. Why are the words "under this act" inserted now when they are not in the present act?

Mr. ROGERS: I should think at least a possible construction of the section would be that if the words "under this act" were omitted it would have the meaning which the right hon. gentleman desires that it should not have, namely that then the commissioner might take these measures even if he was not acting pursuant to the provisions of this bill. I have no objection at all, however, to accepting the suggestion that the phrasing of the section in the previous act should be repeated now, so that the words would be "if in any proceedings before the commissioner." Perhaps that might clarify it and remove any possible misunderstanding.

Sir GEORGE PERLEY: Has this provision ever been invoked in so far as it relates to wilfully insulting a commissioner?

Mr. ROGERS: There is no record of its having been invoked. I believe it is there rather as a means of ensuring that there shall be a proper conduct of proceedings.

Mr. STEVENS: Is there any such provision n railway commission proceedings?

Mr. ROGERS: I am informed there is a similar clause.

Mr. STEVENS: That would be a safe precedent to follow.

Mr. POWER: I move:

That section 35 be amended by striking therefrom the words "under this act" in the first line thereof and substituting therefor the words "before the commissioner."

Amendment agreed to.

Section as amended agreed to.

On section 36—Failure to attend and give evidence.

Sir GEORGE PERLEY: Would the minister please explain the difference between this and the present law?

Mr. ROGERS: As indicated in the explanatory note on the opposite page, section 36 reenacts section 34 of the existing act. The only change in effect is the substitution of the word "commissioner" for the word "commission."

Mr. STEVENS: I have not had time to read the old section, but are not the words "the proof whereof shall lie on him" new?

Mr. ROGERS: I was going to explain that. The only change in effect is that which I have indicated, but in fact the words "and who, without lawful excuse, the proof whereof shall lie on him" are substituted for the words "unless he shows that there was good and sufficient cause for such failure," on the ground that the substituted words more precisely indicate the same intention.

Mr. STEVENS: My impression is that where a case is subject to summary conviction, as is here indicated, "the proof whereof shall lie on him" does not represent the procedure in such cases. This is a matter which has been before parliament for many years. On many occasions parliament has considered the advisability of placing the onus of proof upon the party accused. I think the common practice is the safer one to follow rather than, as in the present instance, to let the proof rest upon the one accused of the fault.

Mr ROGERS: I do not see any material difference between the wording of the 1935 act and the bill now before the house, in connection with the point raised by the hon. member. I believe in each case the matter of proof is substantially the same. The question has been referred to the Department of Justice and the law officers of the crown have approved of the change in wording.

Sir GEORGE PERLEY: Has there been any difficulty under the present act?

Mr. ROGERS: I know of no actual difficulty which has arisen through the section as previously drafted, but often during a revision

and consolidation an effort is made to clarify phrases which may be open to doubt. I believe the present change is for that purpose rather than in any way to change the purport of the section.

Sir GEORGE PERLEY: I cannot see where the change makes very much difference, and therefore I wonder why it is made. It seems to me that unless there is some reason for it it is a mistake to make an alteration.

Mr. MASSEY: Would the minister indicate the difference between the fine or penalty for giving false evidence under this act, and that which is usual in the case of false evidence given under any other charge?

Mr. ROGERS: May I point out that the penalty here indicated applies rather to the failure to attend to give evidence, and not to the giving of false evidence.

Section agreed to.

On section 37—Refusal to make returns or give access to records.

Sir GEORGE PERLEY: Is subsection 2 a new one?

Mr. ROGERS: I believe the explanatory notes indicate no substantial change. Subsection 2 is section 37 of the existing act, amended so as to include within its scope directors or officers of a corporation who assent to or acquiesce in offences against the preceding section which are committed by the corporation or by any of its officers or employees.

Section agreed to.

Section 38 agreed to.

On section 39—When fines payable to government of Canada.

Mr. MacNICOL: Section 39 is a new section, and it would seem to me to be a very sound one. A few years ago a number of plumbers in Toronto, London and elsewhere established a code, having consulted with the then minister of labour in Ottawa and the best legal advice they could obtain. They believed that in so acting they were on sound ground. It turned out, however, that they had violated the Combines Investigation Act. A number of them were summoned and after trial were sentenced to pay heavy fines, which forced a number of them out of business and seriously crippled others. It was later found out, as I understand it, that apparently they had not violated the Combines Investigation Act. I believe the then Department of Justice was in agreement that the fines should be returned, but as the moneys had already been paid to the various municipalities they could not be returned. According to the present section, if a similar circumstance arose and it was later ascertained that there had not been a combine, the federal government could return the fine. Formerly, the municipality having obtained the money, it could not be returned.

Mr. SLAGHT: The hon. member who has just spoken is in error in suggesting that in the cases to which he refers it was later found that the fines had been improperly imposed. He is misinformed in that regard. Appeals were taken to the court of appeal in some of these cases and in every instance the convictions were confirmed. I was concerned in the prosecution, and my hon. friend is mistaken in thinking that there was any declaration that the fines were improperly imposed or the convictions improperly made.

Mr. MacNICOL: This is just a case of a solicitor on one side winning the case and the solicitor on the other side thinking that the fines were irregular. They came down to Ottawa during the tenure of office of the former government and the information given to me at that time was that the department was willing that the fines be remitted but that that could not be done.

Mr. SLAGHT: After all, we have to leave to the courts the matter of the validity of convictions. While my friend may have been informed that the parties who were convicted thought they were aggrieved and had persuaded some minister to sympathize with them, it would be a very evil practice for a minister to overrule court convictions and pass the money back to people on such grounds as that, whether political or otherwise.

Section agreed to.

On section 40—Rights of action not affected.

Sir GEORGE PERLEY: This is a new section. I should like the minister to give us some explanation.

Mr. ROGERS: This section provides that any rights of persons to proceed with any civil action are not intended to be removed or affected by the penalties provided in section 34 of the bill, which makes the formation or operation of a combine an indictable offence.

Sir GEORGE PERLEY: Is that right not available to other people under the present act?

Mr. ROGERS: There appears to have been a measure of uncertainty about it, and this is to clarify the matter.

Section agreed to.

Sections 41 to 44 inclusive agreed to.

On section 32—Revocation of patents.

Mr. ROGERS: During the absence of the hon. member for St. Lawrence-St. George (Mr. Cahan) this section was allowed to stand. It is our intention to move an amendment to this section. Since the bill received second reading we have gone further into the matter of the efficacy of existing remedies under the Patent Act to deal with the situation which originally we had sought to deal with by this section, that is so far as the revocation of patents is concerned. In view of this further consultation, I am now prepared to ask my colleague the Minister of Pensions and National Health (Mr. Power) to move that section 32 be deleted, leaving the effective remedy in the matter to the Patent Act.

Mr. CAHAN: I commend the action taken by the minister in this respect. So far as I could ascertain, the real trouble was not in the fact that individual owners of patent rights had a monopoly. Since the Patent Act of 1935 was enacted there has been no difficulty in obtaining a licence to manufacture from nearly every patentee in the country. The powers given to the commissioner under the Patent Act are so wide that no owner of a patent is prepared to resist the granting of a licence. The matter which the minister had in mind was not a monopoly of an individual patentee, but the supermonopoly which is sometimes created by a number of patentees combining for the purpose of restricting production, enhancing prices or maintaining too high prices. It seems to me that if the proposed amendment to the definitions is adopted, hereafter there will be no difficulty in bringing these supermonopolists within the terms of the terms and penalties prescribed by the combines act. I quite agree with the action the minister contemplates in deleting this section and relying upon the sections of the Patent Act which deal with the matter. I think he will find the difficulties will be overcome. My opinion, which is simply that of one who has studied the matter very carefully, is that the supermonopolies of whom complaint has been made would be brought within the definition of combine now proposed, and condemnation of those who are really violating the act would be permitted without any interference with the patent monopoly which might be held by a particular individual.

If the minister should find later on that the act as it is now amended does not permit of the investigation and condemnation of these supermonopolies I have in mind, I for one would be quite willing to agree to an amendment to meet that condition. I have in mind two different classes of cases. There is the case where the holders of patent rights get together and combine, and there is the other case, which gave me a great deal of worry when I was secretary of state, where the owners of performing rights under the Copyright Act get together and combine. In either case the combination could be investigated and might be condemned without infringing upon the provisions of the Rome copyright convention or the Hague convention with regard to patents. Again, I commend the minister for having taken this attitude. I do not think he will find any difficulty in meeting some of the complaints, but if he does I shall be quite willing to sit down and try to find some remedy. I agree with the hon. member for Kootenay East (Mr. Stevens) and other hon. members who have spoken on this matter, that there exist conditions which should be subjected to investigation, condemnation and punishment.

Mr. ROGERS: The hon. member for St. Lawrence-St. George has stated correctly the purpose we have in view in deleting this section, and at the same time, in amending the earlier section covering definitions, to bring within its scope practices which we must all condemn.

Mr. CAHAN: I commend that.

Mr. POWER: I therefore move as an amendment to section 32:

That clause 32 be struck out and that the subsequent clauses of the act be renumbered in consequence thereof.

By consent of the committee there will have to be a renumbering of the clauses.

Mr. STEVENS: I happened to be called out on account of a long distance communication when this point arose a moment ago. In striking out clause 32 are we allowing this abuse of patent rights to run rampant?

Mr. ROGERS: No.

Mr. STEVENS: Will the minister explain the effect of the abandonment of this clause? I am not entirely satisfied with the clause, but I should not like to see it wholly deleted.

Mr. ROGERS: The matter received some discussion when the bill was before the house for second reading. The hon. member for St. Lawrence-St. George (Mr. Cahan), who as secretary of state previously had much to do with the Patent Act and the remedies supplied thereby, indicated that in his view those remedies were best suited to meet the situation which we had proposed to meet again in clause 32 of this bill. The international convention of 1925 on patents was also brought

forward as an objection to our proceeding under clause 32, that is to say, whatever action was taken with respect to revocation of a patent would have to be taken by the commissioner of patents. We are still providing, under the definitions in clause 2 of the bill, for monopolies which may result from bringing together a number of different patents and using such power to the detriment of the public. I feel sure it is the desire of the committee that we should do everything possible to meet that situation. In moving the deletion of clause 32 of this bill we are not depriving ourselves of all the remedies which we now possess. Remedies for patent abuses are provided under the Patent Act.

Mr. MULOCK: Section 40 specifically refers to section 34. Must that be dealt with in this amendment also?

Mr. ROGERS: I am obliged to my hon. friend for pointing that out. We did make some inquiry with regard to that matter and are informed by the law officers of the crown that the appropriate changes will be made before the bill goes to the other house.

Mr. STEVENS: Before we pass this, I should like to read a letter I have received from Box Brothers, Limited, of Treherne, Manitoba. It is right to this point:

> Last spring we received a radio catalogue from Chicago. The radios illustrated were made by the Radio Corporation of America and the patents were held by the General Electric company, the Westinghouse Company, and the Hazeltinne Company. These particular radios retailed for about 25 to 30 per cent less laid down here than any radio offered in the province and a large number were being used in southern Manitoba. (Where they came from I am not prepared to say.)
>
> We wrote to the excise department of the government enquiring if we could bring in these radios for resale. Their lengthy reply was non-committal but in view of the fact that the patents were held by companies doing business and making radios in Canada we thought it would not be an infringement of patents to bring them in. We ordered twelve, was duly informed of the amount of the duty by the customs, paid the same and we had hardly time to unpack them than the Canadian Radio Patent Limited of Toronto, through their solicitors in Winnipeg (Messrs. Swail, Gibben and Laidlaw) threatened us if we sold them. We sent our representative to see them and they made us a proposition, that if we would sign an agreement with them giving ten per cent of invoice value, pay all legal costs and agree not to import any more they would allow us to dispose of the ones we had. They cited to us what happened to others who had defied them and offered these radios for sale, particularly one firm in Winnipeg whom they pointed to with much satisfaction, as having prosecuted, got judgment, bankrupted and finally put them out of business. Not wishing to go singlehanded into bucking a big combine as this we submitted to their demand.

Now Mr. Stevens,—

The letter goes on,

> —there are two points to this. The first is that the government shared our profit when they accepted the duty and therefore became a partner and a second is that as a citizen of this country we have every right to expect that the government will protect its citizens by informing them or refusing to accept money on goods that are according to the radio combine illegally brought into the country.

That is all that is germane to the subject. This is the same thing that I have referred to in several previous sessions and previously this session. It is the use of the patent right in order to prevent the importation of goods upon which all royalties have been paid in a country which is in the same position as ourselves with regard to the international treaty. Not only that, but these companies—five of them, as I recall—have combined in Canada and have a corporation known as Canadian Radio Patent Limited of Toronto, and that corporation carries on prosecutions against those who dare to import not only radios but electric bulbs or anything else which they consider to be an infringement of their patent—not an infringement, because the patent royalties have not been paid in the foreign country, but because the company contend they cannot be sold in Canada, that the patent right limits them here. I have always contended that this is wrong; it may be the law but it is inequitable and wrong. The point is that they are a combine; they have combined together to do this. While I did raise the question whether clause 32 is properly in this act—I think it should be more clearly stated in the Patent Act, perhaps—nevertheless that portion of it which deals with the combining together to achieve these ends should, in my opinion, be present in this act somewhere.

Mr. CAHAN: My hon. friend has not studied the proposed amendment to section 2 which is to come before the house in a few moments. The proposed amendment to that section, I am perfectly clear, makes such a company—I do not wish to name the combine with regard to radios—a combine and therefore illegal, and the company itself and its officers and directors who maintain these prices would be subject to imprisonment and a fine under section 34 of the act as at present numbered. I do not think the hon. member for Kootenay East has quite seen the force of that, and perhaps will not until we revert again to section 2, which is "definitions."

Mr. STEVENS: I thank the hon. member for bringing the amendment to my attention. As a matter of fact the amendment is not before us, and section 2 is the interpretation clause only.

Mr. CAHAN: I think the definition as amended—we discussed it the other day in the absence of the hon. member—is sufficiently wide to bring that supermonopoly, as I call it, entirely within the provisions of this act so that it may immediately be investigated and the offenders punished by the courts.

Mr. STEVENS: I would certainly be inclined to take the hon. member's view of that point, but I always look askance at relying upon the interpretation clause for effective prevention of an abuse which is supposed to be dealt with in an act. However, the hon. member for St. Lawrence-St. George is certainly quite capable of interpreting law and I should be inclined to accept his view if after hearing the amendment I found that it corroborates what he has said.

Mr. CAHAN: I am simply trying to find a remedy for the evil of which the hon. gentleman complains.

Amendment agreed to.

Section 32 withdrawn.

On section 2—Definitions. "Combines."

Mr. POWER: I move that subsection 1 of section 2 be deleted and the following substituted therefor:

(1) "combine" means a combination of two or more persons by way of actual or tacit contract, agreement or arrangement having relation to any article or commodity which may be a subject of trade or commerce, or a merger, trust or monopoly, and which has or is designed to have the effect of

(i) limiting facilities for manufacturing, producing, transporting, supplying, storing or dealing, or

(ii) preventing, limiting or lessening manufacture or production, or

(iii) fixing a common price or a resale price or a common rental, or

(iv) enhancing the price, rental or cost of any article, storage or transportation, or

(v) preventing or lessening competition in or substantially controlling, within any particular area or district or generally, manufacture, production, purchase, barter, sale, storage, transportation, insurance or supply, or

(vi) otherwise restraining or injuring trade or commerce; and which combination, merger, trust or monopoly has operated or is likely to operate to the detriment or against the interest of the public, whether consumers, producers or others.

Mr. CAHAN: I simply say to my hon. friend from Kootenay East that I have looked carefully into this section with a view to meeting the same evil that he has in mind, and in my opinion the supermonopoly certainly falls within this definition of combine and, therefore, the definition subjects those who form, or maintain or operate the monopoly to the penalties of section 34 of the act. That is my opinion. I am not counsel for any person, but I am merely trying to meet the object the hon. gentleman had in view.

Mr. THORSON: I have only one observation to make with regard to the suggested amendment. "Mergers, trusts or monopolies" are confined to "any article or commodity," so that if any of these organizations has to do not with "any article or commodity" but with a service, then it is excluded from the definition.

Mr. CAHAN: I grant that, and for my part I am prepared to include under (i), (ii), (iii) and (iv) all that is declared to be illegal in the provisions of the criminal code. But we are dealing here with commodities or articles produced, and in so far as the monopoly or the merger has anything to do with the production or sale of a commodity or of any article which can be produced or manufactured and sold, this covers it.

Mr. THORSON: Quite so.

Mr. CAHAN: And that is all that has ever been covered so far by the combines act. When the act was drafted in 1923 difficulties were discovered and services were not included. I am quite in accord with the adoption of this amendment, and if we adopt it, then with regard to all commodities produced or manufactured there is ample provision for investigation and for indictment and punishment. No act of this parliament has ever gone further than that and I think it is quite sufficient until we see how it works out.

Mr. THORSON: That is quite so with regard to any article or commodity.

Mr. ROGERS: This whole question of the definitions of combine, merger, trust and monopoly has received a good deal of attention since the section was last before the committee, and in the present draft we have had the advantage of that previous discussion and particularly of certain observations made by the hon. member for St. Lawrence-St. George. After all, our whole purpose in this section in the bill is to indicate in the clearest possible terms the types of business organization that will fall within the prohibitions laid down by the act. I believe the section as now drafted will make for greater clarity than the section in the original bill. With respect to mergers and monopolies, I believe that services are included.

Mr. CAHAN: This shows the difficulty of discussing in committee a matter so intricate. The amendment which the minister has just proposed does not cover all that I had in view.

Mr. POWER: I have a suggestion with regard to subsections 4 and 7.

Mr. CAHAN: The amendment proposed by the minister reads:—

(1) "combine" means a combination of two or more persons by way of actual or tacit contract, agreement or arrangement, having relation to any article or commodity which may be a subject of trade or commerce, or a merger, trust or monopoly, and which has or is designed to have the effect of . . .

With all deference to the minister, I think that would be more clearly expressed in this form:

1. A combine means a combination of two or more persons by way of actual or tacit contract, agreement or arrangement, or a merger, trust or monopoly, having relation to any article or commodity that may be a subject of trade and commerce, and which has or is designed to have the effect of . . .

That is my opinion. I will not go further. I think that the merger or the monopoly which constitutes a combine should be one that has a relation to any article or commodity, that is to anything produced that may be a subject of trade and commerce. The application of the statute would be clearer and more effective if the suggestion I make should carry. But having spent so much time explaining my views, and simply being anxious to place the clause on a reasonable basis, I say no more.

Mr. ROGERS: I appreciate the explanation given by the hon. member of the difference between the wording of the amendment as it is now before the committee and the wording he has in mind. But I would point out that the wording in the amendment is designed to bring services within the definition of merger, trust or monopoly, or at least not to exclude services. There has been no difficulty in the past with respect to combinations which relate to services rather than the production of some article, but we felt it was desirable that in respect to mergers, trusts or monopolies services should not be excluded in the definition of these terms.

Mr. CAHAN: If the object is to bring services within the term "combine" that is an innovation; it has never been in our law hitherto. If you are to introduce that innovation I suggest you should have followed the clauses of section 498 of the criminal code. Section 498 provides expressly for services. It provides that:

Everyone is guilty of an indictable offence . . . who conspires, combines, agrees or arranges with any other person, or with any railway, steamship, steamboat or transportation company,—

Those are companies which render services.

(a) to unduly limit the facilities for transporting, producing, manufacturing, supplying, storing or dealing in any article or commodity which may be a subject of trade or commerce; or

(b) to restrain or injure trade or commerce in relation to any such article or commodity; or

(c) to unduly prevent, limit or lessen the manufacture or production of any such article or commodity, or to unreasonably enhance the price thereof;

We have included those. Then (d) says—

. . . to unduly prevent or lessen competition in the production, manufacture, purchase, barter, sale, transportation or supply of any such article or commodity, or in the price of insurance upon person or property.

We have in that clause endeavoured to provide for a monopoly of services. But we have never inserted that clause in the combines act. If it is intended to deal with services let us deal with it openly, let us realize what we are doing; let us know what a combination in respect of services is. Do not leave it in the clouds. If we are going to deal with the matter let us be perfectly frank and clear in placing this innovation in the combines act. If we are going to deal with it we ought to have an extra clause in the definition which would include (a) and (d) of section 498. If my hon. friend wishes to pass his bill through, without too much debate at this session, I think he would do well to accept the amendment in the way I suggest, and if he finds difficulty in working it out he can amend it at another session. But I deplore the suggestion that we are to introduce in this law for the first time a penalty in respect of combines in services. I do not think this parliament has jurisdiction over services except in so far as services are brought within the criminal code. Therefore when you are procuring a bill in many respects commendable, why attempt to introduce—surreptitiously, may I say without offence—a combination in respect of services which has never been in the law, and which if it is in the law can only be a combination of such services as are brought within the terms of section 498 of the criminal code?

Mr. ROGERS: This point did arise in 1935 when the bill of that year was before this house. The situation then was that the

bill as drafted did not exclude services, but the senate in its amendment sought to restrict the meaning of the word "combine" in such a way as to confine it exclusively to articles of trade and commerce. The words are these:

"Combine" means a combination having relation to any commodity which may be the subject of trade or commerce.

Then the matter came back to this house, and I quote the present Prime Minister (Mr. Mackenzie King) upon the point, as found at page 4278 of Hansard for July 4, 1935:

As I see the effect of this amendment it will rule out of consideration all service industries. Plumbing, for example, would not come within the definition as it is now set forth by the Senate, and anything in the nature of a plumbing combine or a combine of plumbers could not be investigated under the act. That is one of the service industries that have already been investigated. It seems to me that they should not be exempted because of any change in the definition, and I do not think that definition should be allowed to stand.

Then I quote the leader of the opposition:

Mr. Bennett: I am bound to say that I share the right hon. gentleman's opinion with respect to that. If the act were limited to commodities it could not deal with a combination for services or other non-physical intentions.

So that apparently this matter does not now arise for the first time.

Mr. CAHAN: But it never was inserted in a statute of Canada before.

Mr. ROGERS: I quite agree. On the other hand I do not think there was the general belief that service industries were excluded.

Mr. CAHAN: I think there was. That shows the difficulty. When it came back the prime minister and the leader of the opposition were dealing with a clause which had been amended by the senate for certain purposes. But if you are to deal with combinations of services it should not be dealt with surreptitiously in an amendment introduced by the senate. Let us deal with it openly and frankly. As we never have had services included in the definition of a combine, if we introduce services now it can be done only by infringing upon provincial legislation, by entering the field of civil jurisdiction, by making certain things crimes which never before have been crimes in this country. When we do that with regard to plumbing let us do it openly and definitely and precisely, by statute. The hon. gentleman will have ample time at another session to introduce through the Minister of Justice an amendment to the criminal code covering that, and I suggest that that procedure be followed. It has been the usual procedure. There is not a municipality, there is not a city in this dominion that has not its own provisions with regard to the plumbing trade. Let us exercise great care before entering the provincial field and saying that certain arrangements in the plumbing trade which have been legal, ever since we have had civil law in this country, shall now be declared criminal. It covers many other things in addition to plumbing, such as the baking of bread. In connection with services it covers railways, tramways and other transportation services, and deals with your elevators out in the west, which render a public service. The field is very wide and the matter very complicated. It is now entirely within provincial jurisdiction, and before we make these civil matters crimes in order to bring them within the federal jurisdiction I think much more careful study should be given than has been given so far, certainly more than has been given to the preparation of this bill.

Mr. ROGERS: I find that when the senate amendments came before this house in 1935 the then prime minister moved that amendments Nos. 1 and 2 be not concurred in, for the following reasons:

1. That a combine may exist with respect to a subject matter other than a commodity, and it is the purpose of the act to deal with such a combine.

Mr. CAHAN: Quite so.

Mr. ROGERS: And:

2. That it is the intention of the act to deal with a condition where a combination, merger, trust or monopoly has operated or is likely to operate to the detriment or against the interest of the public.

I do not need to go on with the other points, because it is the first point that has reference to this matter.

Mr. CAHAN: I am not going to discuss the opinion of the present leader of the opposition, because lawyers may have different opinions, but the fact that a novelty in respect of combines was introduced in the combines legislation of that day gave ample justification for the action taken in another place until the matter had been thoroughly investigated by some special committee where the evidence could be heard. We are doing all we can to assist in making progress with this bill, but why insert a provision of this kind at this time, which may and in my humble opinion should jeopardize the possibility of the bill being enacted during the present session of parliament?

Amendment agreed to.

Mr. POWER: I have another amendment to this section, as follows:

That subsection 4 of clause 2 be amended by substituting the words "or corporation formed in" for the words "resulting from" in the first line of the subsection. The subsection would then read as follows:

(4) "merger" means the combination or corporation formed in the consolidating or amalgamating of the whole or part of the businesses of any two or more persons, or resulting from the purchase, lease or other acquisition by any person of any control over or interest in the whole or part of the business of any other person;

Mr. CAHAN: I have no objection to the amendment. Of course I am not going to discuss the whole clause again; if the committee has decided to adopt the original clause in the bill, well and good. I do think, however, that subsection 4 might have been clarified if we had time, which we have not. That is all I wish to say. I may vote against this section, but not because of the amendment, because I do not think the amendment adds to or takes away very much one way or the other.

Mr. THORSON: The purpose of the amendment is to meet the criticism that was voiced in the house the other day by the right hon. leader of the opposition, when he dealt with this particular clause.

Mr. CAHAN: Certainly. We do not object to the amendment.

Mr. THORSON: Exception was taken to the word "combination" as being the same word that was used in section 2, subsection 1, paragraph (a). The purpose of the amendment is to indicate that the unit that results from an amalgamation might not be a combination of two or more persons—

Mr. CAHAN: I am not going to discuss it; we all understand it.

Amendment agreed to.

Mr. POWER: I have a further amendment to subsection 7 of this section, as follows:

That subsection (7) of clause 2 be deleted and the following be substituted therefor:

(7) "trust" and "monopoly" mean one or more persons who, within any particular area or district or generally, substantially control any class or species of business, or have such control over the supply or distribution of or the demand for any article or commodity as to enable such person or persons to enhance or substantially control prices of such articles or commodities.

Mr. CAHAN: In the same way, Mr. Chairman, I think this amendment is commendable. It is an improvement on subsection 7 as it formerly stood. Possibly there is still some objection to it, but I am not going to urge any objection to-day.

[Mr. Cahan.]

Amendment agreed to.

Section as amended agreed to.

On section 13—Officers and equipment.

Mr. POWER: I move that section 13 be struck out, and that the subsequent sections be renumbered in consequence thereof.

Amendment agreed to.

On section 17—Investigations.

Mr. POWER: I move that section 17 be deleted and the following substituted therefor:

If on making a preliminary inquiry the commissioner decides that further investigation should be made, he shall cause an investigation to be made into and concerning all such matters as he shall consider it necessary to inquire into for the purpose of determining whether a combine exists.

Mr. CAHAN: All I have to say is that while this may be an improvement—I do not know whether I am getting too advanced in years to continue to act in the courts, but if I am ever called upon to act as counsel for a company being investigated I will simply contend, and I think successfully, that this clause is beyond the legislative jurisdiction of this parliament.

Amendment agreed to.

Sir GEORGE PERLEY: I am not a lawyer, but the other day the question was raised in this way: When the commissioner finds an inquiry frivolous, a report has to be made to the minister, but no report has to be made when the commissioner believes an investigation should be held; in the latter case he does not require the consent of the minister. That is to say, the minister is to be consulted when there is no case, but he is not to be consulted when the commissioner thinks there is a case.

Mr. CAHAN: Quite so, and it should not be that way. Certainly the commissioner should not proceed with any investigation of that kind without authority of the minister. In my view we are making too many departures from the fundamental principles of responsible government, and this is one of the most notable of them.

Mr. ROGERS: I believe the clause as it is now drafted is substantially the same as that in the 1935 and previous acts.

Mr. CAHAN: That may be so.

Mr. ROGERS: It is not always easy to determine whether a preliminary or a full inquiry may be required. A commissioner may proceed with a preliminary inquiry for some time, and then it may show a situation which leaves it clear to him that a full inquiry is necessary. One must relate this section back to the previous one under which an investigation is instituted either upon application of six persons or by the minister. That is to say, the commissioner does not initiate the inquiry.

Mr. CAHAN: Does the minister suggest that any six persons may initiate an inquiry that the minister is bound to carry out? Why, in walking along the street from my office to my club in Montreal I could obtain six persons who would initiate any sort of inquiry one may wish to initiate. Six persons may bring it to the notice of the minister or of the commissioner, and the commissioner may have a preliminary inquiry. But then it should be the duty of the commissioner to report to the minister as to whether or not a full and extensive inquiry shall be made. Any one of those inquiries may result in an expenditure of tens of thousands of dollars. Is that to be done without the approval of the minister? Certainly I suggest that if I were a minister, before authorizing an extensive inquiry which is likely to involve heavy expenditures of public funds, not only would I insist upon being consulted but I would take the trouble to consult my colleagues at the first meeting of council as to the necessity of carrying it out. It should not be left to the discretion of a commissioner to incur the expenditures necessary for a further and more extensive investigation, even if he is satisfied from a preliminary investigation that a further investigation should be made. I suggest that instead of the word "commissioner" the word "minister" should be inserted, and, as an amendment to the amendment, in order to place the matter upon record, I will move that the amendment to section 17 of bill 41 be still further amended by substituting the word "minister" for "commissioner" wherever it appears in the section.

Mr. ROGERS: I do not believe the amendment to the amendment can be accepted. It seems to me the hon. member for St. Lawrence-St. George is reopening ground which has already been covered in the discussions on sections 14 and 15. There is provision whereby any six persons, British subjects, resident in Canada, of the full age of twenty-one years, who are of the opinion that a combine exists, may apply in writing to the commissioner for an investigation of such alleged combine, and shall place before the commissioner the evidence on which such opinion is based. Then, in a succeeding section there is the provision that the commissioner shall, on application made under the last preceding section or on direction by the minister, proceed with the inquiry. When the section was before the committee at an earlier day we excluded an inquiry which would be instituted by the commissioner of his own volition.

Mr. CAHAN: Yes.

Mr. ROGERS: But we retained the other two methods of instituting an inquiry, and it seems to me that under the circumstances it is desirable to have section 17 stand.

Mr. CAHAN: Then we should revert to section 15. I agree that on Friday or Saturday in debate I expressed the view that a preliminary inquiry might be started on the application of six persons, but that is a preliminary inquiry.

Mr. ROGERS: No, it applies to any inquiry. It is not restricted to a preliminary inquiry.

Mr. CAHAN: In section 15 we find the words "cause a preliminary inquiry to be made into and concerning such matters as he deems the circumstances warrant." In dealing with that section I regarded the situation there described as a preliminary inquiry. I did not wish to place any obstacles in the way of a preliminary inquiry, because it might well be made if six reputable citizens suggest that a crime has been committed. But when it comes to a complete inquiry involving a large expenditure of public funds I say it should not be in the discretion of the commissioner to act. He should make his preliminary inquiry, report to the minister and be in a position to satisfy the minister that a further and more extensive inquiry is necessary. Having done that the minister, not the commissioner, should authorize further proceedings. That is all I have to say.

Sir GEORGE PERLEY: I believe our suggestions in regard to section 17 are in no way inconsistent with sections 14 and 15. I call the minister's attention to the fact that under section 14 a preliminary inquiry may take place on the application of six persons or the minister, but it may take place on the application of six persons without the minister necessarily knowing anything about it or giving his consent or approval. Under section 17, six people having applied for an investigation, the commissioner may proceed to order a complete investigation without the

minister coming into the matter at any time. The preliminary inquiry takes place on the request of six persons, and then the investigation may proceed on the approval of the commissioner.

I submit as strongly as I can that this is a complete negation of responsible government. A preliminary investigation might take place, and then without the minister knowing anything about it a full investigation could follow. Certainly something should be inserted in section 17 whereby a complete investigation could not take place without the approval of the minister. It seems to me that that is a fundamental principle of responsible government.

Mr. ROGERS: It seems to me that the minister takes the responsibility if he institutes the original preliminary inquiry.

Mr. CAHAN: No, no.

Sir GEORGE PERLEY: The minister may not have instituted the preliminary inquiry.

Mr. ROGERS: It may have been done under the other provision.

Sir GEORGE PERLEY: It may have been done under the other provision without the minister knowing anything about it.

Mr. BLACKMORE: I believe the point raised by the hon. member for St. Lawrence-St. George is quite sound. It seems to me that the minister should know about the investigation and that it should be done with his approval. I would go as far as to say that it should be considered by the cabinet and an order in council passed instructing the commissioner.

Mr. ROGERS: The commissioner acts under the authority given to him by this bill, and it does not seem to me that this implies a departure from the principles of responsible government.

Mr. CAHAN: In certain particulars his powers should be limited in the discretion of the minister.

Mr. ROGERS: A similar provision was in the act of 1923 and the act of 1935, and there is much to be said for continuing the same procedure at this time. These preliminary inquiries are often such that only the person conducting them can determine whether or not the inquiry should go further. Presumably he would have to place that evidence before the minister in his report.

Sir GEORGE PERLEY: No.

Mr. CAHAN: Place the substance of it before the minister.

[Sir George Perley.]

Sir GEORGE PERLEY: He would not have to do that the way this section reads.

Mr. ROGERS: Under the proposal suggested by my hon. friends opposite the minister would be made the judge, so to speak, as to whether or not an inquiry should go beyond the preliminary stage. I wonder if that would not put a minister in a position which he ought not to occupy? After all we are creating what is in a sense a quasi judicial position and we must have some faith in the commissioner to be appointed by the governor in council. If there is any reason to believe that he is not carrying out his duties in a proper manner, his services can be dispensed with. If the discretion is left to the minister there is a possibility of charges of political persecution being made which would be unsatisfactory in the administration of the act. This provides the method by which these inquiries have been conducted in years past and I can see no good reason why it should not be continued.

Sir GEORGE PERLEY: There might be an extraordinary case where the commissioner, without consulting the minister, goes on with a full investigation at a cost of many thousands of dollars when it should not have been made. The minister then comes to the House of Commons and says he has no responsibility whatever, since the action was taken by the commissioner under the provisions of the act.

Mr. ROGERS: The position of the minister is no different this year from the position of the president of the privy council with respect to the trade and industry act of 1935.

Mr. CAHAN: Section 17 as it appears in the bill reads:

> If after a preliminary inquiry the commissioner decides that further investigation is justified, he shall cause an investigation to be made into and concerning all such matters, whether of fact or of law,—

The note on the opposite page reads:—

> In the existing act there is no specific provision for the course to be followed where preliminary inquiry discloses the necessity of further investigation. Such provision is made in this section.

It is not desirable that the commissioner, having undertaken a preliminary inquiry and having reported, as he must report, to his minister that a further extended investigation is necessary, should be at liberty in his own discretion to proceed with that further investigation which may involve, as has been the case recently, an expenditure of tens of thousands of dollars without first receiving

either the approval of the governor in council or of the minister. It is unheard of that such expenditures should be undertaken without the sanction of either the governor in council or of the minister. It is a denial of the very basis of responsible government that that possibility should exist. The minister may not wish to go to his colleagues in the privy council for their authority, and we can leave that to his discretion, but he certainly should give authority and take responsibility for the expenditure of tens of thousands of dollars.

Mr. STEVENS: I do not like to delay the minister, but this is a very important matter. Under section 16, if after a preliminary inquiry the commissioner decides that he should not go ahead, he must report to the minister. If after a preliminary inquiry he feels that he should go ahead, he makes no report at all to the minister but just goes on. It is an abandonment of the principle of responsible government to say that a commissioner shall go on without regard to the opinions of the governor in council, whereas when there is to be no further inquiry he must make a report to that effect. If this act is to be respected and is to be a real factor it must have behind it all the prestige and force of government. Instead of saying the minister I would say the governor in council, because these are important matters; they should have behind them all the dignity and force of government, otherwise we should not bother with them at all. I agree with the hon. member for St. Lawrence-St. George that this matter should be subject to the approval of the minister, but I would prefer making it subject to the approval of the governor in council.

The CHAIRMAN: An amendment to the amendment to section 17 has been moved by the hon. member for St. Lawrence-St. George (Mr. Cahan), that the first two lines of section 17 be deleted and the following substituted therefor: "If after a preliminary inquiry the commissioner decides that further investigation is justified, he shall with the consent of the minister. . ."

Mr. CAHAN: Will the minister accept that amendment to the amendment?

Mr. ROGERS: I am afraid I must continue with the section as it is in the bill. The minister has the power at any time during the course of a proceeding to ask for an interim report and I do not think it would make for more satisfactory administration of the act to require that the commissioner shall come back to the minister after a preliminary inquiry for permission to proceed with a further investigation.

Mr. CAHAN: That is the very essence of my suggestion.

Mr. ROGERS: It has never been—

Mr. CAHAN: Do not bring up what has never been; we are dealing with a matter for the first time in the history of these combinations.

Mr. ROGERS: The question of what is or what is not a proper expression of responsible government is not new. This is simply an application of it.

Mr. BAKER: Does the minister not want to accept the responsibility?

Mr. ROGERS: I believe that it is in the best interests of the administration of the act that the clause should stand as it is.

Mr. STEWART: Section 16 clearly contemplates that where there is a preliminary investigation the commissioner shall report to the minister, and the minister, the matter having been brought to his attention, may then order an investigation; he may then concur in or disapprove of the report of the commissioner. That contemplates that there shall be no further action taken. But surely, if the concurrence of the minister is contemplated where no further action shall be taken, where the matter shall be dropped, it is equally if not more important that his concurrence should be secured before action is taken involving, as has been pointed out by the hon. member for St. Lawrence-St. George (Mr. Cahan), further investigation and the expenditure of money not only on the part of the government but by all those who are interested. It seems to me to be only consistent, if you are going to have the approval of the minister to the dropping of an investigation after the preliminary inquiry has been made, to have his approval also before an investigation is continued.

Mr. THORSON: Why should the minister of labour be put in the invidious position that he would be put in if the amendment proposed by the hon. member for St. Lawrence-St. George were carried? The commissioner proceeds to make an investigation either upon the application of six persons or by direction of the minister. That investigation is in the nature of a preliminary inquiry. If he finds that there is no substance to the complaint he reports to the minister that there is no need of making any further inquiry under section 16 of the bill. But if the commissioner, after making a preliminary inquiry, comes to the conclusion that there is ground for conducting a full and thorough inquiry, why should the minister be put in the position of

saying that there shall be no inquiry? He ought not to be placed in that position, because he will then be asked to countermand a report from the commissioner certifying that there are proper grounds for continuing the inquiry. I think it is contrary to the principle of the act that the minister should be interposed in that way and put in the invidious position of having to decide that there should not be a full inquiry after the commissioner has certified to him that there is good ground for making a full inquiry. It would be very unwise to put the minister in that position.

Mr. STEWART: Is not the minister put in that position by subsection 2 of section 16, which the hon. member for Selkirk (Mr. Thorson) has not read, and which reads as follows:

(2) On written request of the applicants or on his own motion, the minister may review the decision of the commissioner under this section, and the decision of the minister shall be final and conclusive and shall not be subject to appeal or review.

So the minister, when there is a report from the commissioner that the preliminary investigation discloses that there is no case, has the right to review that. He has put himself in the position that he may order the investigation to continue. So he is assuming responsibility there. Why should he not assume responsibility when there is a condition that apparently warrants further action?

Mr. CAHAN: We are simply making the two sections consistent.

Mr. THORSON: There is a substantial difference, though, because paragraph 2 of section 16, which by the way I have read on a number of occasions, makes provision for the minister reviewing the report of the commissioner for the purpose of continuing an inquiry, but the amendment proposed by the hon. member for St. Lawrence-St. George would put the minister in the position of stifling an inquiry—

Mr. CAHAN: No, no.

Mr. THORSON: —and ordering that a further inquiry should not be made although the commissioner reports that there ought to be such further inquiry. There is a substantial difference between the two situations, and the minister ought not to be put in such a position.

Mr. CAHAN: The suggestion we have been making is that the minister should approve of the further investigation—"consent" is the word used in the amendment—because you are then face to face with an expenditure of perhaps $200,000, as in the case of certain inquiries we have had recently, and the minister should give his consent before the commissioner is allowed to undertake the expenditure of public moneys to the extent of thousands of dollars.

Mr. THORSON: Will that not put the minister in the position of deciding on occasion that there should not be an inquiry?

Mr. CAHAN: Is not the minister who is administering the department placed in that position every working day of the month or year?

Mr. ROGERS: Mr. Chairman, I have examined rather carefully the similar provisions of the previous acts—

Mr. CAHAN: Oh well, that does not appeal to me.

Mr. ROGERS: —and although the hon. member for St. Lawrence-St. George suggests that we ought not to feel bound in any way by what has gone before, I submit that when one finds that the minister has not been put in that position under previous legislation there ought to be very good reason to indicate why a change should be made at this time.

Mr. CAHAN: Because previously he has always taken the responsibility.

Mr. ROGERS: No.

Mr. CAHAN: I beg your pardon.

Mr. ROGERS: The procedure has been instituted in substantially the same way. As a matter of fact, under previous legislation the commissioner had wider power than he has now in initiating an inquiry.

Mr. CAHAN: Then why place in your note 17 that:

In the existing act there is no specific provision for the course to be followed where preliminary inquiry discloses the necessity of further investigation. Such provision is made in this section.

And you proceed to make a new provision, unknown under the act before.

Mr. ROGERS: The explanation lies in this fact, that in the previous legislation a clear distinction was not made between the preliminary inquiry and the full inquiry. Under the previous legislation the registrar usually made the inquiry, and no intervention of the minister was necessary after the inquiry was originally instituted.

Sir GEORGE PERLEY: I think that, if the government has decided they are going to put this legislation through the way it is, we have said all we can. As a matter of

fact, all that we are suggesting is that the consent of the minister shall be given before the full investigation takes place. That is a very simple thing. In all probability the commissioner, having the full confidence of the minister, will place the papers before him and briefly explain to him the situation and the minister will give his consent; but this enables him to take the responsibility and also to keep some control over the expenditure of public money in case he thinks it is not warranted in any particular instance. As far as I am concerned I cannot see why the minister objects to it, because, as my colleague from St. Lawrence-St. George has said, every minister takes responsibility of this kind every day and this would be in no way different from the many other matters that the minister has to consider and approve or otherwise.

Mr. BLACKMORE: It seems to me also that we are overlooking the fact that the minister would then be placed in an advisory capacity. In the case of a good many investigations which might be prosecuted there should be need for the commissioner to consult very earnestly with the minister. I do not see why the minister should have to countermand the decision of the commissioner: the two could consult and come to a decision. That is the way I look at it.

The CHAIRMAN: Is the house ready for the question?

Mr. BENNETT: Mr. Chairman, I think the minister must admit that after the preliminary investigation has been made, if the commissioner concludes that it is frivolous or vexatious he makes a report to the minister, and in that report he gives fully the whole story as he finds it. Why should he be relieved from doing that when he concludes otherwise than as provided for in section 16? He concludes, we will suppose, that it is not frivolous or vexatious; why should he not do the same thing as he does when he concludes that it is vexatious? He reports to the minister in the one case, and in the other he does not. Surely that is not sound.

If it is essential that the commissioner should report to the minister, when he thinks it vexatious or frivolous, all the facts as elicited by the preliminary inquiry, obviously there is no principle that should relieve him from doing so when he concludes that he will go on. There is one answer; he is exercising the powers of a judge, and that would mean adding to the bill a provision that the office of commissioner shall only be held by a barrister of ten years' experience. That would be the obvious answer to it all, because he is really exercising the powers of a judge in exercising these powers in a preliminary way; and before public expenditure is made he should have seen the minister responsible for that expenditure.

The essence of our parliamentary system of government is that the minister of a department primarily assumes responsibility, although the government as a whole is responsible for the expenditures of his department. After a preliminary investigation the commissioner says: I think I will go on—and he makes no report to the minister; in the other case he says: I don't think I will go on—and he reports to the minister all the facts that have been elicited. The minister then says: Well, I think, after all, you should go on—and that is the end of it, and he goes on. The minister's judgment is final. The minister says: I agree with you—and that ends it. But when he says he is going to go on, as it stands now he makes no report to the minister with respect to the preliminary investigation.

Mr. ROGERS: The minister may call for an interim report.

Mr. BENNETT: Yes, but that is not the point. In one instance he does report to the minister the result of the preliminary investigation, and in the other, although he made the preliminary investigation, he is not going to make any report to the minister; he simply goes right ahead regardless. That, I think, is the negation of our system of government, because it involves the expenditure of perhaps hundreds of thousands of dollars, and the next thing the minister knows there is an application for a governor general's warrant on the ground that the money is all gone, just as we had the other day in connection with two inquiries here—the money all gone and more needed, and therefore governor general's warrants. If the minister in the first instance had before him the report on the preliminary investigation, in which report the commisisoner said, "I have examined twenty witnesses and it seems to me that this will be an important inquiry involving so-and-so, and as there is some doubt as to law, and I am not a lawyer, I have received an opinion from the departmental solicitor to such-and-such an effect"—that, it seems to me, would be consistent with the report that he makes that negatives the inquiry being held. But when he is going to hold the inquiry, although he has made the preliminary investigation, he makes no report and the minister assumes no responsibility.

There is only one way to overcome the difficulty, and that is to employ a man with the qualifications of a judge to administer the act. That becomes essential now in any event, in view of the powers here conferred upon the commissioner. To leave it to a layman to administer the act is entirely wrong, because he is now virtually a judge in the very broadest sense of the term. I cannot see that it is anything but consistent to provide that the results of the preliminary inquiry should in both cases be submitted to the minister; and in one case he says no, and in the other yes. He is not bound to agree with the commissioner in either case.

Mr. ROGERS: I would point out once more that the inquiry can be initiated in one of two ways: Either by the minister, in which case the responsibility is clear, or by six persons who make a solemn statutory declaration indicating that to the best of their belief a combine exists. Dealing with that method of initiating the inquiry, which is the one to which our attention must be confined, I would ask my right hon. friend this question: Is it not desirable that an inquiry instituted in that way should proceed to its natural conclusion in a report after full investigation, unless the commissioner himself finds that the application is frivolous or vexatious? Section 16 provides wholly for that eventuality; but apart from that it seems to me that there is much to be said for the commissioner proceeding with his inquiry. After all, to word it otherwise, in the manner suggested by the hon. member for St. Lawrence-St. George, would be to make the minister, as it were, a judge for the time being, to decide whether or not upon the evidence the inquiry ought to proceed further, and I doubt very much whether from the beginning that has been the purpose of the combines legislation. I do not think the minister ought to be put in that position. I am inclined to think that in a short while it might very well raise a reasonable doubt whether the administration of the act was not political, and that is not to be desired. That is why it is a salutary provision that the act itself may be invoked by six British subjects in Canada who make a solemn statutory declaration that to the best of their knowledge and belief a combine exists; and once that is done the inquiry ought to be carried through.

Mr. CAHAN: Involving any expenditure of public money without restriction?

Mr. ROGERS: Whenever, for the carrying on of a full investigation, money is required to engage such persons as accountants or counsel it must be provided by order in council within an appropriation of this parliament for the purpose of the combines act.

Amendment to the amendment (Mr. Cahan) negatived, on division.

Amendment (Mr. Power) agreed to, on division.

Section 17 as amended agreed to.

On section 19—Investigation after requiring written returns.

Mr. ROGERS: This section stood when the bill was before the committee at an earlier stage. We do not propose any further amendment of this clause.

Section agreed to, on division.

Mr. BENNETT: I understand the minister says he is going to leave this arbitrary power in the hands of the commissioner, a similar power not being exercisable in this country in any other matter. He says: I am who I am. He has no document, although a constable is required to be in possession of a search warrant. A constable acts illegally if he has not the document with him. The government will not consider any amendment of that kind; is that what I understand the minister to say?

Mr. ROGERS: I believe this clause was considered with clause 20 at an earlier stage.

Mr. BENNETT: Yes.

Mr. ROGERS: And we have an amendment to offer to clause 20 which might now be considered.

On section 20—Investigation into business of alleged parties to combine.

Mr. POWER: I move:

That clause 20 be amended by deleting, in line 8, the following words, "and he or his duly authorized representative may", and substituting therefor the following:

"and whenever information or complaint has been given or made under oath to the commissioner, alleging that any person is a party or privy to or has assisted in the formation or operation of a combine, the commissioner may enter and examine, and may issue an order in writing authorizing a representative on his behalf to"

Mr. BENNETT: That certainly is a great improvement on the section as originally submitted, but it still leaves it open to the criticism which I made the other day and which I think is unanswerable, that the commissioner himself may enter. When an oath is made before him he becomes the investigating commissioner and the executing officer

at the same time. I think it is highly undesirable for him to do other than what the criminal law would provide for in such cases, namely, authorize somebody to execute his warrant. You have now provided that there shall be an oath; that is one step towards meeting the general condition that prevails in connection with search warrants. I think the minister will find it in the interest of the commissioner himself that he should not execute his own—I will not say warrant because it is not a warrant—but he should not be his own investigator with respect to the books. But when the oath is made he should be authorized to issue a warrant to someone to execute it for him. I suggest again that it is desirable that it be a constable. I only say that because of what I read from Crankshaw the other day. It is highly desirable that when one enters the premises of another the authority for so doing should be exhibited; and if possible it should be a police officer or constable who makes the entry. As pointed out in what I read the other day, that is the general view that has been held by all authorities.

This amendment goes a long way to meet the situation. You have (a) the oath and (b) the warrant—it is not called a warrant, an authorization—but you have the provision that the commissioner may himself do this. I submit that as a judicial officer he should not be the one executing his own warrant. That is what it gets down to, for if he is called upon to show his authority he has nothing. A magistrate who issues a warrant would not think of going down himself to the premises for the purpose of making a search. As I read in Crankshaw the other day, it is usually the owner who accompanies the constable for the purpose of pointing out where things are.

Is it not desirable, having regard to the not unfair attitude taken by the government, to make it impossible for the commissioner to be placed in the false position of going into premises to take away books and accounts because he has the oath of someone; but rather make the oath a condition precedent to the commissioner's authorizing a constable to give effect to what he desires to have done? It seems to me that is the logical thing, and in accordance with the general principles that govern the execution of search warrants in this country; and it does not detract from the value of the section. Instead, it eliminates the possibility of the commissioner being his own constable without having on him any authority that indicates that he is the constable exercising his own authority.

Mr. ROGERS: I take it that what has now been said by the leader of the opposition (Mr. Bennett) is said with full recognition that the clause as amended does not require that the commissioner shall, so to speak, be his own constable. There is explicit provision made whereby the commissioner may issue an order in writing authorizing a representative on his behalf.

Mr. CAHAN: But that is not the only way.

Mr. BENNETT: I want to eliminate the possibility of trouble arising through his being his own constable by striking out the words "the commissioner may enter the premises," and say "the commissioner may issue an order in writing."

Mr. ROGERS: Perhaps it would meet the situation if we omit the words "may enter and examine."

Mr. BENNETT: Certainly, that meets the position.

Mr. ROGERS: Then we will make that change.

Mr. BENNETT: That is fair.

Mr. POWER: I ask permission to withdraw the former amendment to clause 20 and substitute therefor the following:

That clause 20 be amended by deleting, in line 8, the following words, "and he or his duly authorized representative may", and substituting therefor the following:

"and whenever information or complaint has been given or made under oath to the commissioner, alleging that any person is a party or privy to or has assisted in the formation or operation of a combine, the commissioner may issue an order in writing authorizing a representative on his behalf to"

Amendment agreed to.

Section as amended agreed to.

On section 26—Proceedings in private or in public.

Mr. POWER: I move:

That clause 26 as it appears in the bill be deleted and the following be substituted therefor:

"26. The proceedings before the commissioner or any special commissioner shall be conducted in public, but the commissioner may order that any portion of the proceedings shall be conducted in private: provided that proceedings in a preliminary inquiry shall be conducted in private."

This is to meet the views of the hon. member for St. Lawrence-St. George (Mr. Cahan) and other hon. members. It simply reverses the wording as it was previously.

The CHAIRMAN: I point out that there is an amendment which was moved by the hon. member for St. Lawrence-St. George to clause 26 a few minutes before one o'clock.

Mr. CAHAN: I withdraw it.

Amendment agreed to.

Section as amended agreed to.

Mr. CAHAN: Now that we have amended clause 26 I direct the attention of the minister to section 30. In order to be consistent should there not be an amendment to section 30, by inserting after the word "report" in the second line the same words "excepting the report of a preliminary inquiry"?

Mr. ROGERS: I am advised that there is not necessarily a report after a preliminary inquiry because of the section in the Inquiries Act which requires that before a report is made, the firm investigated shall have an opportunity to appear with counsel. Section 3 of the Inquiries Act reads:

> No report shall be made against any person until reasonable notice shall have been given to him of the charge of misconduct alleged against him and he shall have been allowed full opportunity to be heard in person or by counsel.

Mr. CAHAN: That is not what I have in mind. What I have in mind is this: Just now we were dealing with the report which is made to the minister after a preliminary inquiry, and all I am asking is that that report should not be published. We have eliminated the publication of the preliminary proceedings if they are not carried into a complete investigation. Under section 16, subsection 1, the commissioner is to make a report in writing at the close of the preliminary inquiry, and all I am suggesting is that such report should not be published.

Mr. ROGERS: If my hon. friend will permit me, might there not be some public advantage in having a report of that kind published? Here it is left to the discretion of the minister, and let me give a situation that might arise. Let us assume that an inquiry has been instituted, and that the complaint has been found frivolous or vexatious in character, but that at the same time there has been a widespread feeling that a combine existed which was detrimental to the public interest. Might there not conceivably be some public advantage in the minister being able to publish such a report at his discretion, in order to allay public feeling with respect to this particular charge that a combine did exist?

Mr. CAHAN: I quite agree. I had in view rather that a second report was to be made to the minister; but that is not so, because the minister has refused to receive any report requesting his consent that the proceedings should go on. That was the report I had in mind, so I withdraw my suggestion.

Mr. BENNETT: Has section 31 been finally disposed of?

Mr. ROGERS: Section 31 was disposed of by the committee.

Mr. BENNETT: Were there any amendments to it?

Mr. ROGERS: None.

On section 31—Reduction or removal of customs duties.

Mr. BENNETT: If the minister will look at the section he will see that whoever drafted it added the very words that should not be added and took out the words that should have remained. The section says "—there exists any combination, merger, trust or monopoly which promotes or is likely to promote—". Surely it is hardly necessary to point out that the definition of the word "combine" covers all that and more, and that the word "combine" is the proper word to leave in, with the new meaning that has been given to it. It is almost—I was going to use a strong word—but I will say the section should certainly not be left in that form. All you need say is "there exists any combine" because "combine" is now defined by section 2, and it covers everything mentioned here and more.

Mr. ROGERS: It is the combine that operates to the public detriment which creates the offence. Here you have rather a description of the several types of business organizations—

Mr. BENNETT: But having defined "combine" in section 2, you cannot have that now, without being absurd. You see, in the very beginning of section 2 you have: "(1) 'combine' means," and so on. Having defined the term, the word you use in subsequent sections is, of course, the word that covers them all. To endeavour to talk about mergers, trusts and monopolies when you have defined "combine" as meaning those things and everything else, is absurd. You use "combine" as a definitive word in every other section after the interpretation section has been passed, and it covers everything. You see, the essential word in section 2 is "combine." Here, instead of using the generic term as defined by the statute, which of course governs, you have picked out a few of the words thus covered.

Mr. ROGERS: That had relation to the original drafting of the clause.

Mr. POWER: I would move that in line 11 the words "combination, merger, trust or monopoly which promotes or is likely to promote unduly the advantage of manufacturers or dealers at the expense of the public" be struck out and the word "combine" substituted after the word "any."

Mr. BENNETT: Quite so. I do not think it is arguable. I think you should strike out the word "any" and say "a," because "combine" is defined.

Mr. POWER: I agree.

Mr. BENNETT: In view of the new definition contained in section 2 I think you should go further. I think the words that should be stricken out are "any combination, merger, trust or monopoly which promotes or is likely to promote unduly the advantage of manufacturers or dealers at the expense of the public" and substitute therefor the words "a combine," which includes not only all the mergers, trusts and monopolies that you can think of, but also everything else that has operated or is likely to operate to the detriment of or against the interest of the public, whether consumers, producers or others. Those last few words are quoted from the new definition, which is much broader than the words inserted here.

Mr. POWER: I am asked to move that the following words in line 11 of section 31 be stricken out: "any combination, merger, trust or monopoly which promotes or is likely"; and that the words "a combine" be substituted therefor. That does not quite meet the views of my right hon. friend, I am afraid.

Mr. BENNETT: I am only going to suggest to the minister, who is a trained lawyer, that it makes it a bit absurd. In the interpretation section we have defined the word "combine" as covering everything spoken of in section 31 from the word "any" down to the word "public." Now we are going to leave some in and take some out. It certainly makes the whole thing ridiculous, because I believe I could say without giving offence to anyone that it is an elementary rule that when you define a word in the interpretation section at the beginning of a statute, whenever later you desire to cover the matters mentioned in the definition in the interpretation section you use the word thus interpreted. Here we have the word "combine" interpreted to mean much more than is here indicated, and you are going to stop now at the words "likely to promote" which are already part of section 2, the interpretation section. That makes it ridiculous.

The CHAIRMAN: Shall the amendment to section 31 carry?

Mr. BENNETT: I can only say that it goes part of the way, but it does not cover the point, knowing that the word "combine" must have the same meaning wherever it is used in the statute.

Mr. ROGERS: I am quite prepared to accept the suggestion that we shall use here the same wording which has been used in the original section. I take it that that will cover everything we had in contemplation.

Mr. BENNETT: It covers more, because it covers everything involved in the interpretation of the word "combine." I do not think I could be said to be offensive if I were to say that to use different words subsequently in another section, when "combine" has already been defined, gives only a half meaning and is poor draftsmanship. I believe I can go that far without offending anyone.

Mr. ROGERS: I believe we had better accept the suggestion, and we will alter it again.

Mr. POWER: If we were to strike out all the words after the word "exists," namely, "any combination, merger, trust or monopoly which promotes or is likely to promote unduly the advantage of manufacturers or dealers at the expense of the public,"—

Mr. BENNETT: Yes.

Mr. POWER: I can go that far.

Mr. BENNETT: Yes, because "combine" covers it. Then you would suggest the words "a combine."

Mr. POWER: Yes, and I move accordingly.

Mr. TAYLOR (Nanaimo): How would that affect line 15 in the same section?

Mr. BENNETT: It does not touch that at all.

Mr. ROGERS: I do not think there is any necessary protection there. The combine is by definition a disadvantage to the public.

Mr. POWER: It would then read that if there "exists a combine."

Mr. BENNETT: Quite, as defined by the act.

Mr. POWER: "And if it appears to the governor in council that such disadvantage to the public is facilitated by the duties of customs imposed on the article" and so on.

Mr. BENNETT: Yes.

Mr. POWER: And then we go on to the words "and if."

Mr. BENNETT: Yes.

Amendment agreed to.

Section as amended agreed to.

Bill reported.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF JUSTICE

Justice, salaries, $230,047.25; contingencies, $45,000.

Mr. BENNETT: What changes in personnel have been made?

Hon. ERNEST LAPOINTE (Minister of Justice): There is a reduction, as a matter of fact, from $173,450 to $170,410.

Mr. BENNETT: And the number on the staff is reduced.

Mr. LAPOINTE (Quebec East): Through combination between the Solicitor General's Department and the Department of Justice.

Item agreed to.

Exchequer court of Canada.—

Contingencies — judges' and court officials' travelling expenses; remuneration to sheriffs, et cetera, printing, stationery, et cetera, and $150 for judges' books, $6,200.

Printing, binding and distribution court reports, $2,000.

Mr. BENNETT: What is the per diem allowance for judges travelling on circuit or out of town?

Mr. LAPOINTE (Quebec East): It is $10 in the cities and $6 in other municipalities. This allowance certainly is not adequate under present conditions. For instance, the judges of the appeal court in the province of Quebec sit only in Montreal and Quebec, and with an allowance of only $10 per diem they have to be watchful of their expenses.

Mr. MacNICOL: We should give the same rates to those gentlemen who travel around with commissions.

Mr. LAPOINTE (Quebec East): That can be taken up when the other ministers are dealing with their estimates.

Item agreed to.

[Mr. Power.]

Yukon Territory—Miscellaneous expenditure, including salaries and allowances of court officers, et cetera, $8,000.

Mr. BENNETT: Could the minister give us an explanation of the increase in this item?

Mr. LAPOINTE (Quebec East): There was a murder trial held at a distant point in the Yukon which required an additional amount.

Item agreed to.

DEPARTMENT OF NATIONAL REVENUE

Salaries and contingent expenses of the several ports of the dominion, including pay for overtime of officers, notwithstanding anything in the Civil Service Act; and temporary buildings and rentals, $6,583,000.

Salaries and travelling expenses of officers of the inspection, investigation, audit, and the preventive service undervaluation services, $1,068,000.

Miscellaneous, including printing and stationery; subscriptions to commercial papers; flags; dating stamps; locks; instruments; express charges on samples; premiums on guarantee bonds; uniforms for customs-excise officers; laboratory equipment and supplies, etc., $600,000.

Amount to be paid to the Department of Justice to be disbursed by and accounted for to it for customs-excise secret investigation service, $15,000.

To provide for the administration of the Income War Tax Act, 1917, and amendments thereof, and authority for this purpose to create positions and make appointments notwithstanding anything contained in the Civil Service Act and the said positions and staff so appointed are hereby wholly excluded from the operation of the said act; and salary of $9,000 (less statutory deduction) for the commissioner of income tax, $2,270,000.

Amount to be paid to the Department of Justice to be disbursed by and accounted for to it for the income tax secret investigation service, $10,000.

Mr. LAPOINTE (Quebec East): This item really belongs to the Department of National Revenue. One of the items covers an amount to be paid to the Department of Justice, to be disbursed by and accounted for to it by the income tax secret investigation service.

Mr. BENNETT: It might as well be passed now.

Item agreed to.

DEPARTMENT OF JUSTICE

Royal Canadian Mounted Police—

Pay of force and allowances, arms and ammunition, barrack buildings, repairs and renewals and furnishings, clothing and equipment, communication services, court and legal expenses, criminal investigation branch, enforcement of federal statutes, fuel and light, transport horse and dogs, transport mechanical, dental, medical and hospital, miscellaneous (including grants to Royal Canadian Mounted Police messes and publication of Royal Canadian Mounted Police Quarterly for instructional

purposes), special services Opium and Narcotic Drug Act, printing and stationery, transport railway, rations, rents, travelling expenses, transport water, $6,005,000.

To compensate members of the Royal Canadian Mounted Police for injuries received in the performance of duty, $12,000.

Mr. BENNETT: Perhaps the minister would explain what he meant when he said that it was necessary to discontinue the services of 50 men because of a shortage of funds.

Mr. LAPOINTE (Quebec East): Last year the estimates were reduced by $300,000 and that reduction was apportioned among the various services.

Mr. BENNETT: That was at the beginning of the year?

Mr. LAPOINTE (Quebec East): Yes.

Mr. BENNETT: I thought the minister was referring to the end of the year when his money was running short. I wondered where the governor general's warrants were which were good enough to get money to run a royal commission but which apparently were not good enough to get money with which to protect the country.

Mr. LAPOINTE (Quebec East): The police are very scrupulous in these matters.

Mr. BENNETT: That is the reason I mention it. A governor general's warrant was in order to provide $15,000 for investigating counsel, but it was not good enough to provide the money with which to maintain 50 additional policemen to protect the lives and property of the citizens of the country. We were so scrupulous about the one and, I suppose, so unscrupulous about the other.

Mr. COLDWELL: I had intended to say something last session when these estimates were before the committee but was unavoidably absent from the house. I was interested the other day in hearing the Minister of Justice (Mr. Lapointe) say that the mounted police is a splendid force. I think there are a large number of fine men in that force, which has a remarkable tradition dating from the old days of the Royal Northwest Mounted Police force; but I am not sure whether the minister and hon. members are aware that at times there are to be found in this force men who are no credit either to the police or to the country. I intend to be quite explicit.

I have in mind the case of Sergeant Leopold, which is fairly well known in Canada. I understand this officer joined the force in 1918 as a special investigating officer. He came to Canada from Austria shortly before the outbreak of the great war. According to his own evidence given at Regina some months ago, he was not a British subject when he joined the force, but he was doing investigating work which sometimes, no doubt, required his making reports on people who were British subjects. I have some personal knowledge of the work of this particular officer. When from 1921 I was active in endeavouring to form in Regina a constitutional labour party organized within our democratic institutions, this particular individual, who was known to me at that time under an assumed name, the name of Esselwein, was actively engaged in assisting in the organization of what was then known as the Workers' party, which was frankly a communist organization. He came to Regina in 1921 and joined the painters' union there. I am not going into all the details; suffice it to say that he was subsequently a member of the trades and labour council of that city, president of the trades and labour council, a delegate to the trades union congress of Canada, and subsequently I regarded him as the most active communist in the city and had many an argument with him on those grounds.

The point I am making is this, that here we had a man who was associated with and ostensibly participating in the active formation of a party which at that time was regarded by many as being more or less illegal, yet during the whole of that time he was a police officer. All through those years from 1921 at least to 1927, while he was in Regina, he was in reality a police officer, and I know at least one man who has told me on more than one occasion that Esselwein, as he called him, urged him to join the communist party. Moreover, I know of my own knowledge that Mr. Esselwein asserted from time to time that nothing but a mass movement—which could be interpreted only in one way—could bring the working people of this country into their own.

That kind of police officer is not a credit either to the government of Canada or to the department. I hesitate to believe that any of the successive ministers were aware of the activities of this particular type of investigator. Let me add that when he first came to the city, where I knew him in 1921, he was not even a British subject; indeed, coming as he did from Austria, he was quite recently an enemy alien.

The reason I raise this matter at the present time is in order that the minister may look into the mounted police force and eliminate from it police spies of this type. A great deal of distress and resentment is caused to good citizens when they discover

that operators of this sort exist. I know that this individual was not the only one engaged in this particular kind of work. Another man, who to-day is a friend of mine, was employed in similar activities for six months some years ago. Subsequently he left the police force in disgust, and years later told me the whole story. Under our British institutions most people believed we were free from this kind of police spy, and I am bringing the case to the attention of the house because some few weeks ago I happened to see Sergeant Leopold in this city wearing the stripes of a sergeant of the mounted police, and I say that he should be able to do so is a reflection not only upon the entire police force but upon the Dominion of Canada.

The facts that I have mentioned thus briefly—I do not want to elaborate them, although I could—can be found substantiated in the sworn evidence of the officer himself taken at Regina a year ago last October during the riot investigation, and I have had some personal knowledge of his case throughout the years. He was not only active in the matters to which I refer but was active politically in Regina in other directions. Consequently I suggest to the house and to the Minister of Justice that a thorough investigation be made by the department into the police force and its operations. To my mind an officer of that type is of necessity unreliable, because his own sworn statements prove that from time to time he had not acted in a manner which I would call straightforward and honest; and when people are reported upon by persons of such a type there is a danger that innocent people may suffer. I urge the minister to look into the personnel of the force and see whether officers of this type are still operating in the manner indicated, and if they are, then see that in conformity with British justice and British traditions the police force be purged of such individuals and such methods.

Mr. LAPOINTE (Quebec East): Mr. Chairman, I am not acquainted with all the details concerning the gentleman to whom the hon. member has referred; he is at present a member—an ordinary member—of the force in Ottawa, and a very good man indeed.

Touching his activities in the secret service force, my hon. friend says that these proceedings are not in accordance with British justice and traditions. According to my information, there is a department of secret service in every police force in the world, even at Scotland Yard, where surely British traditions and British justice are honoured. This man, I understand, was first engaged to work for the mounted police because of his perfect knowledge of many languages. Of course, he could not be a member of the force without taking the oath of allegiance under the law, and he certainly was a subject of His Majesty during the time he was working in the police service. My hon. friend says that he incited somebody to join the communists. I would agree with the hon. member that if this information is correct the man went too far, and I shall take the trouble to inquire into it. Apart from that, I am not in agreement with the protest of the hon. member against having a branch of the force occupied all over Canada in work of a secret nature; I think secrecy is most necessary and useful in dealing with confidential matters which I am not always at liberty to divulge in answer to questions which are sometimes asked. But everything of the kind that is done is done for the purpose, not of hurting or harming anybody, but of maintaining conditions in Canada as orderly and as peaceful as possible. I may assure my hon. friend that the work that is being done by the Royal Canadian Mounted Police is a most valuable one. However, I will secure all the information about the man he has mentioned.

Mr. COLDWELL: This particular man acted for several years as the secretary of the communist party and received applications for membership in that party. The minister will agree that that kind of activity is hardly within the meaning of the police term which he used a few moments ago, the secret service. I realize that in every country, under every form of government, governments do use secret service men; but I submit that this is going beyond anything that I, at any rate, regard as coming within the accepted meaning of the term. The facts that I have given this afternoon are largely from first-hand knowledge, for throughout these years I have been active in the labour and progressive movements of western Canada and have never in any way been affiliated with the communist party. I know that this particular man was quite active in preventing the organization some years ago of what I call the constitutional democratic labour movement. That is the point that I would impress upon the minister. It is going far beyond what we may regard as the purpose of a secret investigation to utilize men of this particular type and in such a manner.

Mr. POULIOT: Would the hon. gentleman be kind enough to define "constitutional democratic movement"?

Mr. COLDWELL: A constitutional democratic movement is one that aims at utilizing the democratic institutions of the country in order to bring about necessary reforms or changes in our social structure in a constitutional manner. The party is organized to use democratic institutions rather than what is sometimes called revolutionary mass movement.

Mr. POULIOT: I thank my hon. friend, but his definition is cloudy.

Mr. WOODSWORTH: I support the protest which my colleague has made. I do not know that I could now recognize this particular person, Sergeant Leopold, but some years ago I did meet him on a number of occasions and I believe was investigated by him. I would say with regard to this sort of thing that the labour unions across the country deeply resent the intrusion of such people into their business meetings. I think we have a right to protest against it. I wonder what the Canadian Manufacturers' Association or the Bankers' Association would think if their board meetings were invaded by the secret police.

Mr. LAPOINTE (Quebec East): These secret agents have special definite, formal instructions neither to go near nor to visit the trade union or labour meetings.

Mr. WOODSWORTH: The instructions have been changed then, because as my colleague says this man did go into the trade union movement, which had nothing to do with communism. He went as an industrial worker, secured a position, and became president of the local trade union in the city of Regina. I visited that trade union some years ago and addressed the members at their invitation, and this particular man wanted to take me to his home to talk things over, and so on. I happened to be too busy and I did not go.

He has acted throughout the years as agent provocateur. We cannot justify that sort of thing from the standpoint of the trade unions. The trade union, as is well recognized, is a business institution so far as labour is concerned, and we have no right either as a government or as a parliament to allow these institutions to be invaded by anybody of this type. If the minister is correct in the statement that under general instructions these secret service men are forbidden to go into the trade unions, that is a regulation that has come in force only in recent years, because I know that not only this man but others in the pay of the government have insinuated themselves into these organizations.

The Cooperative Commonwealth Federation is known in this house and has been for years. It incorporated what was known as the labour party, or rather the labour party is one of the affiliations. I have been known in this house for fifteen or sixteen years, and I believe the house will take my statements at their face value when it comes to matters of fact; and I assure the minister that in the course of an endeavour to organize the labour party I have been followed by police agents of the government. They have sat in my political meetings and asked leading questions, trying to trap me into some unguarded statement. More than that, one of our rivals in the political field has been the communist party, and that party has again and again gained entrance into our group. Somebody comes along and wants to join the labour party. He is willing to sign our constitution, to take pledges of loyalty, and to accept our manifesto. He comes in, and after a few weeks or months we find that he is an agent of the communist party, paid by that party, and trying to disrupt our organization. That is bad enough in all conscience; but when we know that such a man is paid by the government to do that kind of work the situation becomes serious indeed.

What would the Minister of Justice say, what would the leader of the opposition say, if the secret police went into the Conservative party, found their way into the party's conventions, took office in the party and tried to disrupt the Conservative constituency organization in order that a Liberal candidate might be elected? Yet that is the kind of thing that has been done. As one who has been connected with trade unions and is still closely associated with their membership, and as one who is chairman of a recognized political party in this country, I protest against this sort of thing. I think we have a right to ask that the Minister of Justice look more carefully into the whole matter and give definite instructions that there shall be no political intrigue on the part of agents sent out by his department.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. WOODSWORTH: I was hoping that we might have from the Minister of Justice (Mr. Lapointe) a statement that the secret police would not be used to spy into the activities of trade unions, or intrigue in political matters.

Mr. LAPOINTE (Quebec East): As far as trade unions are concerned I can assure my hon. friend that there will be nothing of that kind. The mounted police will be used only for the purpose of checking any subversive activities, and the trade unions are not in that class.

Item agreed to.

Mounted police, Prince Albert volunteers and police scouts, on account of the rebellion of 1885, $587.55.

Mr. LAPOINTE (Quebec East): This is the usual grant to the Prince Albert volunteers and police scouts on account of the rebellion of 1885.

Mr. BENNETT: And it is getting less as the number is reduced.

Item agreed to.

Families of members of the mounted police force who lost their lives while on duty:

Mrs. Mary Emma Bossange, $456.25.
Mrs. Margaret Johnson Brooke, $821.25.
Mrs. Margaret Cox, $470.63.
Mrs. Elizabeth Fitzgerald, $525.
Mrs. Georgina Harrison, $676.50.
Mrs. Letitia Kennedy, $423.50.
Mrs. Nora Jean Massan, $300.
Mrs. Mary Miller, $667.38.
Mrs. Margaret Nicholson, $596.83.
Mrs. Catharine Mildred Ralls, $788.23.
Mrs. Myrtle L. Richards, $799.50.
Mrs. Doris Freda Sampson, $816.
Mrs. Amy Lillian Searle, $406.98.
Mrs. Madeleine Mary Shoebothom, $810.
Mrs. Eunice Wainwright, $602.50.

Mr. LAPOINTE (Quebec East): The usual pensions for widows of members of the police force who lost their lives while on duty.

Item agreed to.

Expenses of litigated matters—Department of Justice, $25,000.

DECISIONS OF THE JUDICIAL COMMITTEE OF THE PRIVY COUNCIL

Hon. C. H. CAHAN (St. Lawrence-St. George): At a meeting of the Canadian Bar Association held in August last, having in mind the references which had been made to the Supreme Court of Canada with regard to certain statutes enacted by this parliament in 1935, which were then on appeal to the Judicial Committee of the Privy Council, I suggested that the final decision in those appeals might possibly create grave problems with regard to the administration of the external affairs of Canada, as well as its intra-provincial affairs. Upon reading the recent decisions of the judicial committee, that apprehension has been realized to a very considerable extent. I therefore wish to refer as briefly as I may to certain parts of those decisions which I regard as of grave import.

[Mr. Woodsworth.]

Lord Chelmsford, in delivering a privy council decision and referring to a previous decision of the same tribunal, remarked that, upon turning to the report of the case, "Their lordships are not satisfied that the subject received that full and deliberate consideration which the great importance of it demanded." And I think that many hon. members of this house and many members of the bar association have the same feeling with regard to one or two of these recent decisions.

It is unfortunate that upon the hearing by the judicial committee of the recent appeals from the Supreme Court of Canada in the matter of the references relating to the legislative jurisdiction of the Parliament of Canada, the judicial committee did not consist of members who had had long experience in dealing with issues arising out of the interpretation of the British North America Act, 1867. In fact, not a single member of the board was appointed to the privy council prior to 1928, and not a single member, who in 1932 heard the appeal in re The Regulation and Control of Radio Communication in Canada, sat as a member of the committee which recently heard the appeals in respect of certain acts of parliament enacted during the session of 1935. Two of the members of the judicial committee who heard and decided the recent appeals had practically no experience whatever in Canadian constitutional matters, and two others, who heard the appeal in the aeronautics case, appear to have disregarded the significant ruling affirmed by the judicial committee in that case—"It is always advisable to get back to the words of the act itself and to remember the object with which it was passed." That committee added these memorable words:

> But while the courts should be zealous in upholding the charter of the provinces as enacted in section 92, it must no less be borne in mind that the real object of the act was to give the central government those high functions and almost sovereign powers by which uniformity of legislation might be secured on all questions which were of common concern to all the provinces as members of a constituent whole.

As I wish to emphasize the advisability of getting back to the exact words of the British North America Act, let me quote the exact text of the statute:

> 92. In each province the legislature may exclusively make laws in relation to matters coming within the classes of subjects next hereinafter enumerated, that is to say:
> 13. Property and civil rights in the province.
> 16. Generally all matters of a merely local or private nature in the province.

You will note that the exact words of the statute are that each provincial legislature may exclusively "make laws in relation to

matters coming within the classes of subjects" thereinafter enumerated, namely, "property and civil rights in the province," and "generally all matters of a merely local or private nature in the province."

We have had a very clear and definite interpretation of the words "in relation to." The chief justice, then Mr. Justice Duff, who for nearly a third of a century, as a judge of the Supreme Court of Canada, has had judicial experience in dealing with these constitutional questions, in the Gold Seal case drew a clear distinction between legislation affecting civil rights, and legislation "in relation to" civil rights. I quote:

> The fallacy lies in failing to distinguish between legislation affecting civil rights and legislation "in relation to" civil rights. Most legislation of a repressive character does incidentally or consequentially affect civil rights. But if in its true character it is not legislation "in relation to" the subject matter of property and civil rights within the provinces within the meaning of section 92 of the British North America Act, then there is no objection, although it be passed in exercise of the residuary authority conferred by the introductory clause.

The reference was to the residuary authority, expressed in the introductory clause of section 91 of the British North America Act, which provides that the parliament of Canada may:

> —make laws for the peace, order and good government of Canada, in relation to all matters not coming within the classes of subjects by this act assigned exclusively to the legislatures of the provinces.

And, as was said by Sir Montague Smith in delivering the judgment of the judicial committee in Russel v. The Queen, 7 A.C. 838:

> Few, if any, laws could be made by parliament for the peace, order and good government of Canada which did not in some incidental way affect property and civil rights; and it could not have been intended when assuring to the provinces exclusive legislative authority on the subjects of property and civil rights, to exclude the parliament from the exercise of this general power whenever any such incidental interference would result from it. The true nature and character of the legislation in the particular instance under discussion must always be determined, in order to ascertain the class of subject to which it really belongs.

The real issue does not properly arise as to whether an act of this parliament "affects" property and civil rights in the province, but whether the subject matter of the act of parliament, in "pith and in substance", relates to "property and civil rights in the provinces." The framers of the constitution had a clear conception of what property in the province embraced and what civil rights in the province embraced, and it was not their intention by using those words in section 92 to exclude the powers under the residuary clause in section 91, upon which they laid great stress as emphasizing one of the radical differences between the constitution of Canada and the constitution of the United States. Nevertheless, these recent decisions of the judicial committee persistently misquote the relevant words of clause No. 13 of section 91.

In dealing with the Employment and Social Insurance Act, the judicial committee say:

> It may still be legislation affecting the classes of subjects enumerated in section 92, and, if so, would be ultra vires.

Again they say:

> This act is an insurance act affecting the civil rights of employers and employed in each province, and as such is invalid.

In dealing with the acts of parliament to carry into effect the terms of certain Geneva conventions, the judicial committee say:

> It was admitted at the bar that each statute affects property and civil rights within each province . . .
>
> The dominion could not initiate legislation, however desirable, which affected civil rights, in the provinces . . .
>
> If the new functions affect the classes of subjects enumerated in section 92, legislation to support the new functions is in the competence of the provincial legislatures only . . .

If the statements I have quoted had been made by counsel, however eminent, in the argument of a similar case in court and I were counsel on the other side, I should feel justified in stating that those quotations represented persistent perversions of the text of the British North America Act, and in the connection in which they were used I think the members of the judicial committee failed on this occasion to refresh their memories as to the exact words of section 91, or it may be that they decided to nullify the obvious import of that section of the British North America Act by sanctioning a variant text. Certainly they dealt with the actual text in a casual and conversational way that can not fail to weaken, if not nullify, public confidence in the reliability of privy council decisions.

In the unemployment insurance case the judicial committee express the opinion that, though the parliament of Canada may raise money for the consolidated revenue fund by any mode or system of taxation, there are grave doubts as to whether parliament may appropriate or the dominion government may expend such moneys upon objects which are not within the legislative jurisdiction of the dominion. I quote:

> But assuming that the dominion has collected by means of taxation a fund, it by no means follows that any legislation which disposes of it is necessarily within dominion competence. It may still be legislation affecting the classes of subjects enumerated in section 92, and, if so, would be ultra vires. In other

words, dominion legislation, even though it deals with dominion property, may yet be so framed as to invade civil rights within the province; or encroach upon the classes of subjects which are reserved by provincial competence.

It is not necessary that it should be a colourable device, or a pretence. If on the true view of the legislation it is found that in reality in pith and substance the legislation invades civil rights within the province or in respect of other classes of subjects otherwise encroaches upon the provincial field, the legislation will be invalid.

This opinion, if it is valid, raises grave doubt as to the validity of appropriations by this dominion parliament of current revenues for such objects as old age pensions, unemployment relief, or for giving assistance to provincial undertakings of any description. If these appropriations are illegal and beyond the competence of the dominion, grave consequences may follow, and the government would be well advised to obtain a direct decision upon this issue at a very early date.

But the established foundations of dominion autonomy are insidiously undermined by the decision of the judicial committee to the effect that the dominion parliament has not complete legislative jurisdiction to carry into effect treaties which his majesty may enter into with foreign states, on the advice of his majesty's privy council in Canada.

Section 132 of the British North America Act provides:

> The parliament and government of Canada shall have all powers necessary or proper for performing the obligations of Canada or of any province thereof, as part of the British Empire, towards foreign countries arising under treaties between the empire and such foreign countries.

What are the indicia of treaties between the "empire" and foreign countries? The governments of the empire, represented at the imperial conference of 1923 and 1926, clearly indicate by their joint resolution that:

> The word "treaty" is used in the sense of an agreement which, in accordance with the normal practice of diplomacy, would take the form of a treaty between heads of states, signed by plenipotentiaries provided with full powers issued by the heads of the states, and authorizing the holders to conclude a treaty.

The form of an empire treaty, as for instance the form of the treaty relating to boundary waters between Canada and the United States signed at Washington on January 11, 1909, which was confirmed and sanctioned by the parliament of Canada by chapter 28 of the statutes of Canada, 1911, was as follows:

> His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the seas, Emperor of India, and the United States of America, being equally desirous . . .

[Mr. Cahan.]

Certainly treaties in that form have always been deemed to be "Empire" treaties within the proper meaning and application of section 132 of the British North America Act. It was never asserted or contended, even in more remote times, that an "Empire" treaty applied equally to all parts of the empire. The form has recently been changed to conform to a change in the royal title, and now "Empire" treaties are negotiated in the name of "His Majesty the King of Great Britain, Ireland and the British Dominions beyond the Seas, Emperor of India."

I confidently submit that whenever a treaty with the official head of any foreign state is negotiated and ratified in the name of His Majesty, the one and only sovereign of the British Empire, it is an "Empire" treaty within the true meaning and application of section 132 of the British North America Act. In this empire there is only one king and emperor, although he may be advised by more than one privy council, yet it is in his name that all treaties are negotiated and ratified.

The executive function of negotiating treaties, which was formerly vested in the government of the United Kingdom, is no longer exclusively so vested. The ratification of treaties was formerly effected by His Majesty exclusively at the instance and upon the advice of the government of the United Kingdom, but it has been more recently agreed, by all the government of all parts of the empire, at the imperial conferences of 1923 and 1926 that, thereafter, the following should be the constitutional procedure:

> (a) The ratification of treaties imposing obligations on one part of the empire is effected at the instance of the government of that part;
> (b) the ratification of treaties imposing obligations on more than one part of the empire is effected after consultation between the governments of those parts of the empire concerned.

The imperial conference resolutions of 1926 made a distinction between treaties made between heads of states and agreements made between governments, and it was agreements of the latter class which were under consideration, and to which the recent opinion of the judicial committee should be deemed to have restricted application. But the language so casually employed by the judicial committee has so wide an application that the government and parliament of Canada should enter a firm protest against its continued and captious use, for such language would undoubtedly nullify the constitutional and conventional usage, which was agreed upon at the conference of 1926 by the governments of all parts of the empire.

The judicial committee emphasizes its opinion that section 132 of the British North

America Act is restricted in its application to the obligations of Canada or of any province thereof, which are alleged to be imposed by treaty upon Canada by a so-called "Imperial Executive" responsible to the so-called "Imperial Parliament," and excludes similar obligations which are created by the terms of a treaty that has been ratified by His Majesty on the advice of a dominion executive which is responsible to the dominion parliament. I quote from their lordships' opinion:

> The obligations are not obligations of Canada as part of the British Empire, but of Canada, by virtue of her new status as an international person, and do not arise under a treaty between the British Empire and foreign countries. . . . It is unnecessary, therefore, to dwell upon the distinction between legislative powers given to the dominion to perform obligations imposed upon Canada as part of the empire by an imperial executive responsible to and controlled by the imperial parliament, and the legislative power of the dominion to perform obligations created by the dominion executive responsible to and controlled by the dominion parliament. While it is true, as was pointed out in the Radio case, that it was not contemplated in 1867 that the dominion would possess treaty-making powers it is impossible to strain the section so as to cover the uncontemplated event.

But though Canada has assumed the status of an international person, this dominion has not ceased to be a part of the British Empire, notwithstanding the flippant remark which I have quoted.

Their lordships flout the declaration of the imperial conference of 1926 that:

> There is, however, one most important element in it (i.e., the constitution of the British Empire) which, from a strictly constitutional point of view, has now, as regards all vital matters, reached its full development—we refer to the group of self-governing communities composed of Great Britain and the dominions. Their position and mutual relation may be readily defined. They are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the crown, and freely associated as members of the British Commonwealth of Nations.

The Statute of Westminster, 1931, recognizes the constitution of the British Empire as defined in that resolution, by declaring that the crown is the "symbol of the free association of members of the British commonwealth in relation to one another"; and again by referring to "the established constitutional position of all the members of the commonwealth in relation to one another." The established constitutional position is declared by the statute.

Yet, in the face of these constitutional pronouncements which were made unanimously by all the governments of the empire, the judicial committee has the temerity not only to frame a new and novel constitution for the empire, which they assert is dominated by an "Imperial Executive" that is now, as hitherto, unknown to English law, but they also presume, by their decision, to invest that "Imperial Executive" with paramount authority to impose upon this dominion obligations of a more far-reaching extent and gravity than the parliament of the United Kingdom can now impose, except on the formal request and consent of Canada.

It is undoubtedly subversive of the constitutional convention and policy declared and accepted by the imperial conference of 1926 and the provisions of the Statute of Westminster, 1931, to hold that there exists any "Imperial Executive" responsible to the parliament of the United Kingdom, which may now, by treaty or otherwise, arbitrarily impose any obligations upon the Dominion of Canada.

Viscount Sankey, then Lord Chancellor of England, who sat as chairman of the committee of the imperial conference which dealt with inter-imperial relations in 1930, and whose exceptional judicial and political experience qualify him to speak with authority, in delivering a judgment of the judicial committee in 1929, which is reported in 1930 appeal cases, page 136, said:—

> The British North America Act planted in Canada a living tree capable of growth and expansion within its natural limits. The object of the act was to grant a constitution to Canada. Like all written constitutions it has been subject to development through usage and convention.
>
> Their Lordships do not conceive it to be the duty of this board—it is certainly not their desire—to cut down the provisions of the act by a narrow and technical construction, but rather to give it a large and liberal interpretation so that the dominion to a great extent, but within certain fixed limits, may be mistress in her own house, as the provinces to a great extent, but within certain fixed limits, are mistresses in theirs.

Again, upon the reference in re the convention on the regulation and control of radio, 1932 appeal cases, page 306, which was admittedly not a treaty between heads of states, Lord Dunedin, in delivering the judgment of the judicial committee, said:

> Canada as a dominion is one of the signatories to the convention. In a question with foreign powers the persons who might infringe some of the stipulations in the convention would not be the Dominion of Canada as a whole but would be individual persons residing in Canada. These persons must so to speak be kept in order by legislation and the only legislation that can deal with them all at once is dominion legislation. This idea of Canada as a dominion being bound by a convention equivalent to a treaty with foreign powers was quite unthought of in 1867. It is the outcome of the gradual development of the position of Canada vis-a-vis to the mother country Great Britain, which is

found in these later days expressed in the Statute of Westminster. It is not, therefore, to be expected that such a matter should be dealt with in explicit words in either section 91 or section 92. The only class of treaty which would bind Canada was thought of as a treaty by Great Britain, and that was provided for by section 132. Being, therefore, not mentioned explicitly in either section 91 or section 92, such legislation falls within the general words of the opening of section 91 which assign to the government of the dominion the power to make laws for the peace, order and good government of Canada in relation to all matters not coming within the classes of subjects by this act assigned exclusively to the legislatures of the provinces.

The result is in their Lordships' opinion clear. It is Canada as a whole which is amenable to the other powers for the proper carrying out of the convention; and to prevent individuals in Canada infringing the stipulations of the convention it is necessary that the dominion should pass legislation which should apply to all the dwellers in Canada.

Again, on the appeal of the British Coal Corporation v. The King, 1935 appeal cases, 518 at page 520, Viscount Sankey said:

It is doubtless true that the power of the imperial parliament to pass on its own initiative any legislation that it thought fit extending to Canada remains in theory unimpaired: indeed, the imperial parliament could, as a matter of abstract law, repeal or disregard section 4 of the statute.

That is, the Statute of Westminster.

But that is theory and has no relation to realities. In truth Canada is in enjoyment of the full scope of self-government; its legislature—

That is, our parliament:

—was invested with all necessary powers for that purpose by the act, and what the Statute—

Of Westminster:

—did was to remove the two fetters which have already been discussed.

Those decisions, which confirmed the autonomous status of Canada as a member of the British commonwealth within the empire, have now been wantonly disregarded and, in fact, over-ridden and set aside. I again respectfully submit that in respect of treaties between His Majesty the King, as the sovereign head of the British Empire, and the heads of foreign states, there is no "Imperial Executive" which is known to any law which now extends to the several dominions of the British commonwealth of nations. There is the executive government of the United Kingdom and there is an executive government of each of the dominions of the British commonwealth of nations, but "Imperial Executive" is a term, coined for the nonce by the judicial committee, which is unknown to any law which now has force and effect in this dominion.

[Mr. Cahan.]

By section 9 of the British North America Act the executive government of Canada is declared to be vested in the King, and it is also provided in section 11 that the constitutional advisers of His Majesty in respect of Canada are the King's privy council for Canada. In respect of the negotiation and ratification of treaties which extend to and apply to Canada as part of the British Empire, His Majesty now acts through plenipotentiaries appointed by him on the sole advice of His Majesty's privy council for Canada.

The clear demarcation, made by the imperial conference of 1926, between the constitutional powers of the government of the United Kingdom and the constitutional powers of the government of a dominion, did not require the legislative confirmation of the parliament of the United Kingdom, and, therefore, without any legislative enactment of that parliament, His Majesty the King, in respect of treaties relating to one or more parts of the empire, now acts exclusively on the advice of the one or more privy councils for that part or those parts of the empire to which such treaties apply. But such treaties, I submit, remain as heretofore, empire treaties within the meaning of section 132.

Any effective decision of the judicial committee to the contrary can only tend to hasten and to ensure the dissolution of this second British Empire, a catastrophe more tragic and more far-reaching in its dire consequences than the dissolution of the first British Empire in the years preceding 1783, which was induced by a similar disregard for constitutional realities. The Lord Chancellor of England, who is entitled by virtue of his office to preside over the judicial committee, and whose functions are political as well as judicial, but who was unfortunately absent through illness at this momentous hearing, would be well advised to take notice accordingly.

At the Versailles conference at the close of the great war, the representatives of Canada and of the other dominions successfully insisted upon a change in the form of the treaty of peace so that the representatives of the dominions, who were plenipotentiaries appointed by His Majesty on the advice of the several dominion governments, should, as advisers of His Majesty, be signatories to that treaty with the representatives of the United Kingdom. A constitutional change was thereby affected, which has since been confirmed by all the governments concerned, and if the members of the judicial committee, as now constituted, are not aware of that fact, they should be so informed forthwith

in no unequivocal terms. That constitutional change cannot reasonably nor lawfully be held to nullify the provisions of section 132, to the effect that the parliament and government of Canada have all powers necessary or proper for performing the obligations of Canada or of any province thereof, as part of the British Empire, toward foreign countries, arising under treaties which are negotiated and ratified in the name of His Majesty, as head of the empire, in the form which prevailed for a century prior to the date of the treaty of Versailles.

The judicial committee of the privy council, I respectfully submit, have neither constitutional nor legal authority to decide that treaties, negotiated by plenipotentiaries appointed by His Majesty, applying to any part or parts of the empire, are not within the purview of section 132 of the British North America Act. Nevertheless, the judicial committee, in the most casual manner possible, have presumed to decide an all-important issue, which was not within the scope of the reference submitted, and they have attempted to nullify section 132 by deciding that "as a treaty deals with a particular class of subjects, so will the legislative power of performing it be ascertained."

The judicial committee obviously see no incongruity, in their interpretation of section 132 to the effect that in the case of a treaty negotiated and ratified in the name of His Majesty on the advice of the Privy Council of the United Kingdom, the parliament of Canada has legislative jurisdiction to carry its provisions into full effect, while, in the case of a treaty negotiated and ratified in the name of His Majesty on the advice of His Majesty's Privy Council for Canada, the dominion parliament, by this decision of the judicial committee, is now declared to be deprived of such legislative competence. When His Majesty is advised by the privy council of the United Kingdom, the parliament of Canada has legislative jurisdiction to perform all obligations arising under the treaty; but when His Majesty is advised by the privy council for Canada, the parliament of Canada is deprived of such legislative jurisdiction! That novel contention, if insisted upon, can only serve to disrupt the existing cohesive attachments of empire, which all the dominions desire to maintain.

It would appear that the judicial committee, forsaking the judicial arena, have sought to enunciate principles of high political policy, which are obviously inconsistent with the constitutional reforms adopted unanimously by the imperial conference of 1926, and to which, at the time, certain members of the House of Lords were undoubtedly opposed, and they did not refrain from expressing their opposition when the matter was up for discussion. I quote from the opinion of the committee:

> It would be remarkable that while the dominion could not initiate legislation however desirable which affected civil rights in the provinces, yet its government not responsible to the provinces—

The federal government of Canada never was responsible to the provinces; it is responsible to the people of the whole dominion:

> —nor controlled by provincial parliament need only agree with a foreign country to enact such legislation: and its parliament would be forthwith clothed with authority to affect provincial rights to the full extent of such agreement. Such a result would appear to undermine the constitutional safeguards of provincial constitutional autonomy.

I have already suggested that there can be no reasonable distinction between the force and effect of treaties made by His Majesty, as official head of the empire, in the one case, on the advice of the executive government of the United Kingdom, and, in the other case, on the advice of the executive government of Canada, which, in dealing with all external affairs, represents the whole people of Canada; and that there is no valid legal ground for restricting the application of section 132 to treaties made by His Majesty on the advice of his government of the United Kingdom. The judicial committee is certainly not vested with any legislative or judicial authority to override the constitutional conventions of 1926; and, therefore, I trust that the Prime Minister and his colleagues in this government will either repudiate or, at least, refrain from paying undue heed to this extra-judicial opinion. I again quote from the opinion of the judicial committee:

> It is true, as pointed out in the judgment of the chief justice—

Referring to Chief Justice Duff.

> —that as the executive is now clothed with the powers of making treaties, so the parliament of Canada, to which the executive is responsible, has imposed upon it responsibilities in connection with such treaties, for if it were to disapprove of them they would either not be made or the ministers would meet their constitutional fate. But this is true of all executive functions in their relation to parliament.
>
> There is no existing constitutional ground for stretching the competence of the dominion parliament so that it becomes enlarged to keep pace with enlarged functions of the dominion executive. If the new functions affect the classes of subjects enumerated in section 92, legislation to support the new functions is in the competence of the provincial legislatures only. If they do not, the competence of the dominion legislature is declared by section 91 and existed

ab origine. In other words, the dominion cannot merely by making promises to foreign countries clothe itself with legislative authority inconsistent with the constitution which gave it birth.

You will note that as the basis of this argument, the judicial committee again misquoted the words of section 92 of the British North America Act. But they overlook the fact that section 132 of the British North America Act, the act which provides for the apportionment and division of legislative powers between the provinces and the dominion, expressly vests in the parliament of Canada legislative authority to carry treaties into effect. It is the government of Canada, responsible to the whole people of Canada, which has the administration of the external affairs of Canada in relation to treaties made between the head of this empire and the heads of foreign states.

Therefore, in respect of treaties negotiated in the name of His Majesty as the official head of the empire, there is no desire on the part of this parliament to enlarge the legislative jurisdiction of parliament beyond the bounds set by section 132 of the British North America Act, which gave birth to this dominion. The so-called "executive" government of Canada, by virtue of constitutional provisions adopted by all the governments of the empire, now exercise certain functions, in respect of advising His Majesty in the negotiation and ratification of treaties, which were formerly exercised exclusively by the government of the United Kingdom; but the fact that His Majesty's privy council for Canada now act in the place and stead of His Majesty's privy council of the United Kingdom, and that to that extent His Majesty's advisers have changed, may not be deemed, without grave protest, to annul or circumscribe the legislative jurisdiction vested in the parliament of Canada by section 132 of the British North America Act, to enact all legislative measures which are necessary or proper to provide for the performance by Canada, as a part of the British empire, of all obligations of Canada, or of any province thereof, arising under treaties between His Majesty as head of the empire and the head of any foreign state.

Although the functions of the government of Canada have been enlarged by constitutional conventions, or, in other words, by constitutional customs and usages, which have been approved and accepted by all governments of all parts of the British Empire, nevertheless, the legal, legislative competence of the Canadian parliament remains now as for the past seventy years, that which is expressed in section 132 of the British North America Act, and the judicial committee have no authority to override the constitutional convention nor to nullify this provision of the British North America Act.

I sincerely trust that effective measures will speedily be taken to frustrate all such futile efforts of this committee of His Majesty's privy council of the United Kingdom to revive and reassert reactionary policies over which the members of the judicial committee have neither legal nor constitutional control.

The members of the judicial committee should be made fully aware that in the opinion of this parliament His Majesty's privy council in Canada, by a solemn convention, in which the government of the United Kingdom has unconditionally concurred, is now vested with the constitutional right to advise its sovereign in the making of treaties and in other matters which especially concern Canada, and that any extra-judicial attempt to circumscribe that right, by a factitious interpretation of one section of the British North America Act, cannot serve to induce and maintain inter-imperial understanding and cooperation.

The judicial committee is constituted by statutes of the parliament of the United Kingdom. Its members are appointed by the government of the United Kingdom. Its nominal president is a member of that government. A number of its active members are also members of one legislative branch of the parliament of the United Kingdom. The report of the judicial committee cannot be enforced as a judgment until it has been adopted by an order of the privy council of the United Kingdom; and the government of the United Kingdom must assume full responsibility for that committee's obtrusions into the political arena.

Therefore, this vital issue should now be dealt with by the government of the United Kingdom. Does that government concur in this judgment of the judicial committee, now that its full import is clearly disclosed?

Canada is, undoubtedly, a part of the British Empire, and any treaty, made and ratified by His Majesty with the head of a foreign state, which extends to Canada, extends and applies to Canada as a part of the empire and not otherwise. But, except in breach of the most solemn engagements, to which the government of the United Kingdom and all other governments of the British Commonwealth are firmly committed, no treaty which extends to Canada can now be negotiated and ratified except on the advice of His Majesty's privy council of Canada.

The clear implication of the decision of the judicial committee is that Canada can only remain a part of the empire so long as the parliament of Canada is prepared to accept and perform obligations imposed upon this dominion by an "Imperial Executive," responsible to an "Imperial Parliament," and, by those terms, the judicial committee clearly have in mind obligations imposed upon Canada by the executive of the United Kingdom which is responsible solely to the parliament of the United Kingdom.

When their lordships of the judicial committee assume that in case Canada, by virtue of her new status as an international person, acting through the privy council of Canada, advises His Majesty in respect of the ratification of a treaty, which extends to Canada, then, ipso facto, the obligations thereunder are not assumed by this dominion as a part of the empire, their lordships thereby force upon the attention of this parliament two vital questions: Shall Canada continue as a dominion forming a part of the empire under the limitations so prescribed by the judicial committee? Or, shall Canada assume an entirely autonomous and independent status?

May I respectfully, yet emphatically, express the opinion that Canada is not willing to accept obligations, either domestic or international, which are arbitrarily imposed or sought to be arbitrarily imposed upon this dominion by the government of the United Kingdom. For Canada, the colonial era has vanished forever. The ominous fact that this question of dominion subserviency is now again deliberately raised by the judicial committee of the privy council of the United Kingdom demands the careful consideration of this government and of this parliament.

If that issue, so raised, is not withdrawn or over-ridden there is only one answer possible. This dominion is not willing to accept any treaty or other obligations which are imposed upon its government and people by an "Imperial Executive," so-called, who are not responsible to this parliament of Canada, and this vital fact should again be brought to the attention of the conference of dominion delegates which is about to assemble at London, before this parliament takes final action in this matter.

Mr. J. T. THORSON (Selkirk): I welcome the opportunity which this debate affords of discussing a question which is of vital concern to the whole of Canada. I listened with much interest to the splendid address of the hon. member for St. Lawrence-St. George (Mr. Cahan). I do not agree with his statement that the recent decisions of the judicial committee of the privy council are extra-judicial, but I do agree with his conclusion that these decisions have denied the national status of Canada.

The privy council decisions have denied that the parliament of Canada has any control over such important subjects as unemployment insurance, hours of labour, wages, and industry generally. This parliament has no power, according to these decisions, to control or regulate industry, except where an act of industry may amount to a crime. There is also a limited control of industry through tariffs and through the dominion power to incorporate companies.

We are left with this practical difficulty: Control over the matters which I have mentioned is by law left to the provinces; but in reality there is no control at all, for even if a single province were to desire to regulate industry it would not dare to do so for fear that industry would desert that province. In the net result, therefore, there are many matters that are left above and outside the law. They are not subject to the jurisdiction and control of the dominion by reason of the decisions of the judicial committee of the privy council, and they are not in reality subject to the jurisdiction or control of the provinces, because no province by itself would dare to exercise the jurisdiction which it has. An outstanding illustration of what I mean is the situation in which the recent decisions of the judicial committee leave the subject of unemployment insurance. It is denied to this parliament to deal with that subject, and yet everyone knows that no proper system of unemployment insurance could be initiated in Canada unless it were of a national nature.

The time has come, Mr. Chairman, for us to face an important decision, and I submit that appeals to the Judicial Committee of the Privy Council should be abolished. Indeed, it is inconsistent with the national status of Canada that we should retain such appeals any longer. The right to prohibit appeals to the judicial committee was denied some years ago in the famous Nadan case, but since the Statute of Westminster our right to take such a step is beyond dispute.

Mr. BENNETT: That only dealt with criminal cases.

Mr. THORSON: We have exercised the right in respect of criminal matters, and should now exercise it in respect of civil matters. It is anomalous that it should still remain with respect to civil matters when it no longer remains with respect to criminal matters. The Judicial Committee of the Privy Council is a tribunal outside of Canada, without adequate

knowledge of Canadian conditions and without sympathetic appreciation of Canadian national aspirations. It is contrary to the fundamental principle of the British constitution that our court of last resort in civil matters should be located outside our own country. It is contrary to the first paragraph of the preamble of the British North America Act, which recites that there was a desire on the part of the provinces that came into confederation to have a constitution similar in principle to that of the United Kingdom. It is of the essence of the British constitution that the people who live under it should have the right to determine in every respect their course of action and to exercise full and sovereign powers of self-government—legislative, executive and judicial. That is the principle underlying the Balfour declaration of equality of status and complete autonomy enunciated at the Imperial Conference of 1926. It is also the principle that underlies the Statute of Westminster.

Not only is it the right of the Canadian people to determine for themselves their own policies, whether external or internal, but it is also their duty to do so, if they are to be worthy of the great traditions of the British constitution which they have inherited. Appeals to the Judicial Committee of the Privy Council are now an anachronism. They are a survival of colonial inferiority and contrary to the essential principle of the British constitution—the right and the duty of all people living under it to determine their own affairs without any hindrance or control by any extraneous body.

My attitude towards the Judicial Committee of the Privy Council and the retention of appeals to that body would be very different if I could feel that its decisions had served any useful purpose, either in the maintenance of the basic principles of our constitution or in aiding the development of the Canadian nation along the lines laid down by the fathers of confederation, or in protecting minority rights or the welfare of the Canadian people. But they have failed to serve the purposes which they ought to have served.

There are a number of charges that may be made against the Judicial Committee of the Privy Council, and I am very glad of this opportunity of expressing my views in that regard. The truth should be told and it should be stated fearlessly.

In the first place the Judicial Committee of the Privy Council has proved itself to be, as the hon. member for St. Lawrence-St. George has stated, a court not of law but of political expediency. There has been no continuity in its interpretations of the British North America Act, no uniformity in the canons of construction that it has applied to that statute. Occasionally, as in the case cited by the hon. member for St. Lawrence-St. George, the judicial committee has adopted a broad view of the act. In the Senate case to which reference was made, Lord Sankey spoke of the British North America Act as a living tree, but on the other hand in a number of cases, perhaps most notably in the Barrett case, the judicial committee has adopted a very narrow rule of interpretation. In most cases the judicial committee has applied to the British North America Act the canons of construction that are applicable to an ordinary statute. And on occasions the judicial committee has not hesitated to use a Canadian case, not for Canadian purposes, but in order to create a precedent for other purposes. I refer to the Nadan case, an outstanding example of what I have just stated. In that case the judicial committee decided that Canada had no right to prohibit appeals in criminal cases. That was not done for the people of Canada, but was done so that there might be a precedent for subsequent Irish use, for the constitution of the Free State is declared to be similar in principle to that of Canada, and it was felt that if there were a decision from the judicial committee that the Canadian people had no right to prohibit appeals to the Judicial Committee of the Privy Council, that would be a useful precedent to follow in the event of the Irish people attempting to do the same thing.

In the second place the judicial committee has mutilated the structure of our federal system and changed its basic character. Canada was built as a centralized federalism with the residue of legislative power in the dominion, as opposed to a decentralized federalism such as that which exists in the United States, where the residue of legislative power is in the individual states. The fathers of confederation were men of broad vision. They intended to build a great new nation, and at the same time to preserve local autonomy in local matters. The second resolution passed at the Quebec conference of 1864 clearly shows that this was in their minds. They desired to have a

> —general government charged with matters of common interest to the whole country,

and

> —local governments charged with the control of local matters in their respective sections.

That was in their minds, and it was of the essence of confederation that national matters should be assigned to the jurisdiction of the dominion parliament, and that local matters

should be dealt with by the provincial legislature: It was certainly the intention of Sir John A. Macdonald and the other fathers of confederation that a living constitution was being born for this new country, and that it would adjust itself to changing conditions through the interpretation of the constitution by the courts.

That, indeed, was the early tendency of the decisions of the courts. Certainly it was the tendency of the earlier decisions of the Supreme Court of Canada, until that tendency was diverted by subsequent decisions of the Judicial Committee of the Privy Council. It was also the view held by the judicial committee in its earlier years, when that body was presided over by Lord Watson. In the Local Prohibition case, for example, Lord Watson used this significant language: (1896 A.C. 348):

> Their lordships do not doubt that some matters in their origin local and provincial might attain such dimensions as to affect the body politic of the dominion and to justify the Canadian parliament in passing laws for their regulation or abolition in the interest of the dominion. But great caution must be observed in distinguishing between that which is local and provincial, and therefore within the jurisdiction of the provincial legislatures, and that which has ceased to be merely local or provincial and has become matter of national concern, in such sense as to bring it within the jurisdiction of the Parliament of Canada.

Lord Watson recognized and understood the underlying spirit of confederation, that there might be a shift of jurisdiction from the provinces to the dominion when matters had ceased to be local or provincial in their nature and had become matters of national concern. Had that attitude towards the British North America Act been continued, and had later interpretations of our constitution been rendered in that light, there would have been no need for amendment of the British North America Act; for with the aid of the courts it would have adjusted itself to changing conditions and changing needs. Then in truth the constitution of Canada would have been a living tree. It was intended that certain specified matters should be assigned to the exclusive jurisdiction of the legislatures of the provinces and that all other matters not so specified should be assigned to the exclusive jurisdiction of the dominion parliament. Section 92 of the British North America Act makes this abundantly clear. It reads:

> In each province the legislature may exclusively make laws in relation to matters coming within the classes of subjects next hereinafter enumerated—

Then follows a list of sixteen classes of subjects, of which subsection 13, "property and civil rights in the province" and subsection 16, "generally all matters of a merely local or private nature in the province," are the most important for the purposes of this debate. Section 91, on the other hand, sets out the jurisdiction of the dominion parliament. It reads:

> It shall be lawful for the Queen, by and with the advice and consent of the Senate and House of Commons, to make laws for the peace, order and good government of Canada, in relation to all matters not coming within the classes of subjects by this act assigned exclusively to the legislatures of the provinces; and for greater certainty, but not so as to restrict the generality of the foregoing terms of this section, it is hereby declared that (notwithstanding anything in this act) the exclusive legislative authority of the parliament of Canada extends to all matters coming within the classes of subjects next hereinafter enumerated, that is to say—

Then follows a list of twenty-nine classes of subjects particularly specified and the section concludes with these words:

> And any matter coming within any of the classes of subjects enumerated in this section shall not be deemed to come within the class of matters of a local or private nature comprised in the enumeration of the classes of subjects by this act assigned exclusively to the legislatures of the provinces.

It is as clear, I submit, as language can make it that it was intended to leave the residue of legislative power with the parliament of Canada, and that the words "peace, order and good government of Canada" should receive a broad and generous interpretation and should include all matters not specifically assigned to the provinces when such matters are not merely local or private in their nature but are national in their scope.

Yet the Judicial Committee of the Privy Council has reduced the meaning of the words "peace, order and good government of Canada" so that they are almost meaningless. Contrast the language used by Lord Watson in one of the earlier cases with the language used by Lord Haldane in some of the later cases. In the Local Prohibition case Lord Watson dealt with these words, and said that they:

> —ought to be strictly confined to such matters as are unquestionably of Canadian interest and importance.

These are broad words, and I have no quarrel with this interpretation. Then Lord Haldane brought his great mind to bear upon the subject. I shall not refer to his earliest remarks upon the meaning of these words, but

I shall make reference to what he said in re Board of Commerce Act (1922, 1 A.C. 197). There Lord Haldane used these words:

> Circumstances are conceivable such as those of war or famine when the peace, order and good government of the dominion might be imperilled under conditions so exceptional that they require legislation of a character in reality beyond anything provided for by the enumerated heads in either section 92 or section 91 itself. Such a case if it were to arise would have to be considered closely before the conclusion could properly be reached that it was one which could not be treated as falling under any of the heads enumerated.

Then in the case of Toronto Electric Commissioners v. Snider (1925 A.C. 396), which held invalid the Industrial Disputes Act of 1907, which had been drawn by the present Prime Minister (Mr. Mackenzie King) when he was deputy Minister of Labour, Viscount Haldane, as he then was, referred again to the words "peace, order and good government of Canada" in these words:—

> No doubt there may be cases arising out of some extraordinary peril to the national life of Canada as a whole, such as cases arising out of a war, where legislation is required of an order that passes beyond the heads of exclusive provincial competency. Such cases may be dealt with under the words at the commencement of section 91 conferring general powers in relation to peace, order and good government, simply because such cases are not otherwise provided for. But instances of this . . . are highly exceptional.

Then follows a reference to the famous case of Russell v. The Queen, which cannot be characterized otherwise than as absurd.

The final blow to the broad doctrine enunciated by Lord Watson has now been given by the judicial committee of the privy council in the reference dealing with minimum wages and the limitation of hours of work. There Lord Atkin approves of the language of Lord Haldane in the cases that I have mentioned. By that decision the judicial committee of the privy council put an end to any hope we might have had that the courts would assist us in adjusting the British North America Act to changing conditions and changing needs by shifting jurisdiction from the provinces to the dominion as matters cease to be local and provincial in their nature and become national in their character and importance.

When the Judicial Committee of the Privy Council cut down the meaning of the words "peace, order and good government of Canada" in the manner I have indicated, their interpretation of the constitution of Canada was perverse. Furthermore, who are they that they should decide questions of fact which are not before them, and which it is for the parliament of Canada to decide? It is for this parliament to determine whether the welfare of Canada is imperilled, whether circumstances are abnormal or conditions are exceptional, even if we accept the narrow interpretation of these words with which Lord Haldane has left us saddled. What right has the judicial committee of the privy council to decide such questions of fact for us, particularly when the members of that committee have only a slight knowledge of Canadian conditions, and had no evidence whatever before them as to the facts?

Not content with cutting down the meaning of the words "peace, order and good government of Canada," the judicial committee has also substantially cut down the ordinary meaning of the words "the regulation of trade and commerce" as set forth in subsection 2 of section 91 of the British North America Act.

The judicial committee has gone still further, for it has placed within the terms "property and civil rights in the province" as set forth in subsection 13 of section 92 many matters that were never contemplated by the fathers of confederation as properly coming within these terms; and many matters that are of national importance and concern have now been allocated to the exclustive jurisdiction of the provinces. What is the sense, for example, of now regarding the subject of insurance as being still a matter solely and exclusively local or private in its nature, or solely and exclusively a matter of property and civil rights in the province? By the growth and development of the subject of insurance and the business of insurance, insurance has become one of our national institutions, of almost as great importance to the people of Canada as the institution of banking itself. How can the subject of unemployment insurance be properly held to be purely a matter of property and civil rights in the province, when no unemployment insurance scheme can be set up unless it is national in its character?

It is not an unreasonable criticism of the judicial committee of the privy council to say that their decisions have now in reality placed the residue of legislative power with the provinces under the heads of "property and civil rights in the province," and "generally all matters of a local or private nature in the province." In that manner they have mutilated the constitution. They have changed it from a centralized federalism, with the residue of legislative power in the dominion parliament, to a decentralized federalism with

the residue of legislative power in the provinces—contrary to the Quebec resolutions, contrary to the ideas that were in the minds of the fathers of confederation, contrary to the spirit of confederation itself, and contrary to the earlier decisions of the courts. We have Lord Haldane largely to blame for the damage that has been done to our constitution.

My third charge against the judicial committee of the privy council is that its decisions have done serious harm to Canadian national development. A very interesting and useful lecture could be given upon the subject of the harm which the decisions of the Judicial Committee of the Privy Council have done to Canada; this is neither the time nor the place to deliver such a lecture, but I do wish, however, to give one illustration of what I have in mind. Let me refer to the case of Bonanza Creek Gold Mining Company v. The King (1916 1 A.C. 567). Under subsection 11, of section 92 of the British North America Act, the provinces are given exclusive power to incorporate companies with provincial objects. It follows, therefore, that it is within the dominion jurisdiction to incorporate companies with objects that are not provincial. The company in question in this case had been incorporated in Ontario by the issue of letters patent. It was carrying on mining operations in the Yukon, and brought legal proceedings by way of petition of right against the crown, in the Exchequer Court of Canada, in respect of certain transactions relating to mining leases in the Yukon. The crown challenged the right of the corporation to bring these proceedings, and indeed challenged the existence of the corporation outside the province of incorporation. The Supreme Court of Canada held by a majority judgment that the company had no existence in law beyond the boundaries of the province of incorporation, and must therefore fail in the petition of right which it had brought. This is the statement of the reasons of the Supreme Court of Canada for their decision, as set out by the judicial committee:

> Section 92 confers exclusive power upon the provincial legislature to make laws in relation to the incorporation of companies with provincial objects. The interpretation of this provision, which has been adopted by the majority of the judges of the supreme court is that the introduction of the words "with provincial objects" imposes a territorial limit on legislation conferring the power of incorporation so completely that by or under provincial legislation no company can be incorporated with an existence in law that extends beyond the boundaries of the province.

It is very unfortunate that the decision of the Supreme Court of Canada in that case was not sustained; if it had been sustained we would have seen practically an end to provincial incorporation. Only those companies would have sought provincial charters that intended to operate only in one province; and if any company desired to operate in more than one province it would have sought a dominion charter. The dominion would then have had, through the power to incorporate companies, control over business perhaps as great as it would be wise for the dominion parliament to have. But Lord Haldane came again upon the scene. He delivered the judgment of the Judicial Committee of the Privy Council, which reversed the judgment of the Supreme Court of Canada. He mixed his law with metaphysics and gave birth to the strangest corporate entity ever known to the law. He held that a letters patent company derived its existence from the act of the sovereign—that is, the exercise by the sovereign of the royal prerogative—and not merely from the words of the regulating statute. This, according to Lord Haldane, gave a letters patent company a status resembling that of a corporation at common law. What did this mean? Simply this, that while the corporation was created in the province and had such powers in the province as the province gave to it, yet when it went outside that province it could not exercise any of the powers which the province of incorporation had given to it, but it had a capacity to receive such powers from an outside province as that province was willing to confer upon it. Never before had the law known such a form of corporate entity. I submit that Lord Haldane was entirely wrong in his views, for he attributed to the royal prerogative greater powers than the province itself possessed and greater power than the sovereign himself could exercise. In addition, by his decision he threw utter chaos and confusion into the whole realm of company law. If the supreme court decision had prevailed, the dominion parliament, through its control over incorporation, would have had a reasonably adequate control over business and industry, for all concerns carrying on business in more than one province would have sought dominion charters; insurance companies would have done the same thing, and in that way the dominion would have advanced in the direction of obtaining control over so important a national institution as the business of insurance. This would have been as it should be, and it would have been the result if the decision of the Supreme Court of Canada had prevailed. The Supreme Court of Canada decision was given in accord-

ance with the letter and the spirit of the constitution; but a legal fiction applied by the Judicial Committee of the Privy Council gave us chaos instead.

The fourth charge in the indictment against the Judicial Committee of the Privy Council is that it has failed to preserve minority rights. Let those who look to the Judicial Committee of the Privy Council for the preservation of minority rights recall the case of The City of Winnipeg v. Barrett (1892 A.C. 445). That was the first of the Manitoba school question cases. The validity of the Public Schools Act, 1890, was called into question. Section 22 of the Manitoba Act had assigned exclusive jurisdiction to the province of Manitoba to enact laws in relation to education, but that exclusive jurisdiction was subject to an important proviso reading as follows:—

> Nothing in any such law shall prejudicially affect any right or privilege with respect to denominational schools which any class of persons have by law or practice in the province at the union.

The Supreme Court of Canada was unanimous in finding that the statute passed by the province of Manitoba, the Public Schools Act, 1890, was invalid as contravening section 22 of the Manitoba act. The Judicial Committee of the Privy Council reversed the decision of the Supreme Court of Canada. I submit that the language used by the judicial commitee in that case gave as narrow an interpretation of the meaning of words as it was possible to give. This decision caused an intense feeling that an injustice had been done. If the Supreme Court of Canada decision had prevailed, the Manitoba school question would never have assumed the national proportions which it did. The judgment of the Judicial Committee of the Privy Council in that case was upon narrow and technical grounds, and as a result there was a deep sense of injustice, not only in the province of Manitoba but in other parts of the dominion of Canada. Because of that deep sense of injustice the Remedial bill of 1896 was introduced into this parliament. That remedial bill would never have been introduced if the judgment of the Supreme Court of Canada had prevailed. I submit that the whole Manitoba school question with all the religious hatred and bitterness which it engendered should be placed at the door of the Judicial Committee of the Privy Council.

I hope the government of Canada will at an early date take effective steps to abolish appeals to the Judicial Committee of the Privy Council. That body has been inconsistent in its decisions; it has failed to adjust our constitution to changing conditions and changing needs; it has mutilated the constitution and changed its basic character; it has done serious harm to the cause of our national development and it has failed to protect religious minorities. We in Canada can work out our own differences. We have judges in our courts quite the equals of those who compose very frequently the Judicial Committee of the Privy Council, and infinitely superior in their knowledge and understanding of Canadian conditions.

It will not, however, be sufficient to abolish appeals to the Judicial Committee of the Privy Council, for the harm which their decisions have done will still remain. We must repair the damage that has been done; we must restore to our constitution the essential spirit of confederation, and we must devise ways and means whereby the principles laid down by Lord Watson can be applied so that when matters cease to be local or provincial and become national in their character, they shall come within the jurisdiction of this parliament. That was the aim of the fathers of confederation, and it ought to be kept in mind if we are to build a great nation.

How are we to accomplish this purpose? Several suggestions have been made in this house. The right hon. leader of the opposition (Mr. Bennett), earlier in this session, suggested the calling of a constitutional convention. There is considerable merit in that suggestion, but I am somewhat afraid that it might result in confusion. We have also heard from the Minister of Justice (Mr. Lapointe) of the progress that is being made in devising machinery for the amending of our own constitution. But there are some specific amendments that ought to be made, immediately. I suggest that this parliament should find some way whereby dominion jurisdiction could be secured over the general subject of the financial structure of this country. This parliament should have control over the financial interests of Canada. We might get such control by having exclusive jurisdiction over the incorporation of companies that operate in more than one province and over the subject of insurance. There ought also to be wider control in this parliament over the subject of industry. I recognize that there are difficulties in this regard, but certainly this dominion parliament should have control over such subjects as employment insurance. It should also have control over such social security legislation as is national in scope, such as hours of labour, wages of workmen and fair dealings between employer and employed, so that there may be "humanity in industry" and a fair distribution of the fruits of its production. Then, also, this parliament should

have control over the subject of unemployment relief and assume responsibility for that subject in so far as unemployment is due to causes that are national rather than provincial.

Recently the Prime Minister announced that it was his intention to appoint a national royal commission. He made this statement:

> In these circumstances, we propose to appoint a royal commission of inquiry to investigate the whole system of taxation in the dominion; to study the division of financial powers and financial responsibilities between the dominion and the provinces, and to make recommendations as to what should be done to secure a more equitable and practical division of the burden to enable all governments to function more effectively—and I may add more independently—within the spheres of their respective jurisdictions.

It is desirable that there should be a realignment of the spheres of jurisdiction. How can the national royal commission adequately divide the fields of revenue or allocate the sources of taxation as between the dominion and the provinces without reviewing their respective spheres of responsibility? I suggest that there should be referred to the national royal commission that is to be appointed the question as to what amendments to the British North America Act should be made immediately, to meet the necessities of the occasion, so that in the light of such necessary amendments they may make a proper division of the fields of revenue, and a fair allocation of the sources of taxation. I suggest that if the national royal commission is to accomplish its purposes the best men available should be appointed to the membership of that commission—men of brains, with a wide knowledge of Canadian—

The CHAIRMAN: I regret to have to interrupt the hon. member, but he has exceeded his forty minutes.

Mr. THORSON: I should like just a few minutes more, if I may.

An hon. MEMBER: Go ahead.

Mr. THORSON: The personnel of this commission should consist of men of brains, with a wide knowledge of Canadian history and conditions, and with broad human understanding and sympathy; they should be men desirous of contributing to the building of a united and a great nation. Let these men, then, in their capacity as national royal commissioners, study the problem and suggest concrete amendments to the British North America Act that are of immediate and vital importance, so that if their recommendations are approved concrete amendments to the British North America Act may be submitted to parliament in the form of an address. Then if there is controversy, let the people of Canada decide.

The decisions of the Judicial Committee of the Privy Council offer a challenge to the nationhood of Canada, but perhaps they have also done a great service, for they have focussed our attention upon the necessity of amending the British North America Act.

Mr. LAPOINTE (Quebec East): Did my hon. friend mention who would appoint this commission he suggests?

Mr. THORSON: The dominion government has already announced the appointment of a national royal commission, and I am suggesting that to this commission should be assigned, in addition to the subjects that have already been judicial committee a challenge to the House ments of responsibility there should be as between the dominion and the provinces.

There is in the recent decisions of the judicial committee a challenge to the House of Commons; there is a challenge to the government of Canada. Our constitution ought not to be a straitjacket to fetter and confine our activities; it should be an instrument for progress and should be adjustable to changing conditions and changing needs.

Right Hon. R. B. BENNETT (Leader of the Opposition): I do not propose to trespass at any length upon the time of the committee with respect to this matter, but I desire to point out two things. First, that our right generally to discuss the judgments of the privy council in the recent cases is abundantly justified by the observations made by the solicitor-general in England as reported in Hansard of that day as long ago as August, 1855. Some instances had occurred in which the House of Lords, sitting as a court of appeal, had failed to discharge satisfactorily its proper functions. The then Sir Richard Bethell, afterwards Lord Westbury, chancellor, in discussing what had taken place in the House of Lords, said:

> And the result was that that court, the decisions of which ought to be as unalterable as the laws of the Medes and Persians, was felt to be unsatisfactory in its constitution and inferior to the lowest tribunal in what ought to be the accompaniments of a court of justice.

That is abundant reason, given by one of the most eminent lawyers of the Victorian era, why we have the right to consider these judgments.

The second point to which I desire to direct attention is that the hon. member for Selkirk (Mr. Thorson), who in the main has made an admirable speech, the extreme views of which I cannot accept, has failed to realize that in the Nadan case all that was decided was that it is the right of any subject of the king to present his grievances to the throne

and that any legislation enacted by the parliament of Canada in conflict with that right, which was then statutory, was an invalid exercise of our powers as a parliament unless we did it in a certain definite way.

In that regard I think it well to point out that no appeal goes to the privy council of England unless it is by petition, and not otherwise. The subject has a right to petition the king alleging that wrong has been done to him by judgment of a court in any part of the empire; and it is not a question of residence, but as it happens that the king lives in England the petition is presented to him there. The petition is, in fact, presented to him. But inasmuch as for centuries the king has been unable to deal personally with these matters he refers the petition, by a direct order of His Majesty in council, to his Judicial Committee of that Privy Council, and that committee hears arguments and determines whether or not in the first instance the petition should be heard at all; and secondly, what the merits of the case are. It does not deliver judgment as we understand it, but makes a report to His Majesty expressing the opinion that he should either say yea or nay to the allegations contained in the petition and the prayer for relief.

Mr. THORSON: It gives advice to His Majesty.

Mr. BENNETT: And that constitutes the advice upon which he acts. The lord president of the council then convenes a privy council at the instance of His Majesty, and that privy council makes an order which is the order of the king in council, giving effect to the opinion which has been given to him by those members of his committee who have held or hold judicial office. If one bears that in mind, one realizes that the exercise of the right of appeal to the privy council is something that the subject enjoys, and it is not a question of right as between the body politic and the sovereign. It is the right of the individual to present his grievance to his king, and this parliament cannot deprive the subject of his right in civil matters which are determined by provincial legislatures. The appeals which are taken to the privy council to-day in most of the provinces of Canada are taken in consequence of an order made by his late Majesty King Edward the Seventh, whereby the courts of last resort in Ontario or Alberta or British Columbia give leave to appeal to the king in council on a petition being presented to them for that purpose. For example, I hold in my hand a copy of the final order in council dealing with the aeronautics case, and it is worth while for a moment to look at the language:

Whereas there was this day read at the board a report from the judicial committee of the privy council dated the 22nd day of October 1931 in the words following, viz:

Whereas by virtue of His late Majesty King Edward the Seventh's order in council of the 18th day of October, 1909 there was referred unto this committee the matter of an appeal from the supreme court of Canada in the matter of a reference as to the respective legislative powers under the British North America Act 1867 of the parliament of Canada and the legislatures of the provinces in relation to the regulation and control of aeronautics in Canada between the attorney general of Canada, appellant, and the attorney general of the province of Ontario, the attorney general of the province of Quebec, and the attorney general of the province of Manitoba, respondents (privy council appeal number 38 of 1931), and likewise a humble petition of the appellant setting forth that under an order dated the 15th April, 1929, his excellency the governor general in council referred to the supreme court for hearing and consideration pursuant to section 55 of the Supreme Court Act certain questions touching the respective powers under the British North America Act of 1867 of the parliament and government of Canada and the legislatures of the provinces in relation to the regulation and control of aeronautics in Canada: that the questions were as follows:—(1) Have the parliament and government of Canada exclusive legislative and executive authority for performing the obligations of Canada or of any province thereof under the convention entitled "Convention relating to the regulation of aerial navigation"? (2) Is legislation of the parliament of Canada providing for the regulation and control of aeronautics generally within Canada including flying operations carried on entirely within the limits of a province necessary or proper for performing the obligations of Canada or of any province thereof under the convention aforementioned within the meaning of section 132 of the British North America Act 1867? (3) Has the parliament of Canada legislative authority to enact in whole or in part the provisions of section 4 of the Aeronautics Act, chapter 3, Revised Statutes of Canada 1927? (4) Has the parliament of Canada legislative authority to sanction the making and enforcement in whole or in part of the regulations contained in the air regulations 1920 respecting (a) the granting of certificates or licences authorizing persons to act as pilots, navigators, engineers, or inspectors of aircraft and the suspension or revocation of such licences; (b) the regulation, identification, inspection, certification and licensing of all aircraft; and (c) the licensing, inspection and regulation of all aerodromes and air stations?: that the supreme court having heard arguments on behalf of the appellant and the respondents by judgment dated the 7th October, 1930, answered the questions as follows:—To question No. 1 as framed the court unanimously answers "No";—

I direct the attention of the hon. member for Selkirk to the point that in the aeronautics case, notwithstanding what he has said with

respect to the supreme court and the privy council, the supreme court answered negatively that all important question respecting the convention relating to the regulation of aerial navigation, and thereby determined that this parliament had no power to legislate with respect to aeronautics.

—to question No. 2 the answer of the majority of the court (the Chief Justice Duff, Rinfret, Lamont, Smith and Cannon JJ.) is "Construing the word 'generally' in the question as equivalent to 'in every respect' the answer is 'No'"; to question No. 3 the answer of the majority of the court (the Chief Justice Duff, Newcombe, Rinfret, Lamont and Cannon JJ.) is "Construing the question as meaning 'Is the section mentioned as it stands validly enacted?' the answer is 'No' but if the question requires the court to consider the matters in the enumerated subheads of section 4 of the statute as severable fields of legislative jurisdiction then the answers are to be ascertained from the individual opinions or reasons certified by the judges": as to question No. 4 the answers are to be ascertained from the individual opinions or reasons certified by the judges: that the appellant on the 20th March, 1931, obtained special leave to appeal to Your Majesty in council: and humbly praying Your Majesty in council to take this appeal into consideration and that the judgment of the supreme court dated the 7th October, 1930, may be reversed, altered or varied or for further and other relief:

"The Lords of the Committee in obedience to His late Majesty's said order in council have taken the appeal and humble petition into consideration and having heard counsel on behalf of the appellant and for the attorney-general of the province of Quebec, their Lordships do this day agree humbly to report to Your Majesty as their opinion that this appeal ought to be allowed the judgment of the Supreme Court of Canada dated the 7th day of October, 1930, set aside and in lieu thereof that questions Nos. 1, 3 and 4 (to which alone answers are desired) should be answered in the affirmative."

His Majesty having taken the said report into consideration was pleased by and with the advice of His privy council to approve thereof and to order as it is hereby ordered that the same be punctually observed, obeyed and carried into execution.

Whereof the governor general or officer administering the government of the Dominion of Canada for the time being and all other persons whom it may concern are to take notice and govern themselves accordingly.

(signed) M. P. A. Hankey.

The effect of that judgment in the aeronautics case was to reverse the judgment of the Supreme Court of Canada and to confer upon this parliament exclusive jurisdiction to deal with the whole problem connected with aeronautics. But the essential thing to remember is that question No. 1 was answered in the affirmative. That question was:

Have the parliament and government of Canada exclusive legislative and executive authority for performing the obligations of Canada or of any province thereof under the convention entitled, "Convention relating to the regulation of aerial navigation"?

So that since 1931 we have believed that under a convention such as that in the aeronautics case this dominion had exclusive jurisdiction to deal with all matters relating thereto.

Mr. THORSON: Does not that indicate that you never can tell what the Judicial Committee of the Privy Council will do with a case that goes before it?

Mr. BENNETT: My learned friend being also a member of the legal profession knows better than I do that if there were unanimity of opinion in all cases there would not be any legal profession. I make these statements by way of introduction because of the attack made by the Minister of Labour (Mr. Rogers) the other evening. If he will take the trouble to read the speech that has just been made in this house by the hon. member for Selkirk he will perhaps realize that he was on very unsafe ground in speaking as he did.

I now proceed to the other point in this case to which I wish to direct particular attention. In 1928, in this chamber, I had occasion to challenge the position taken by the Minister of Justice and the Prime Minister, first with respect to a sanitary convention made at Paris, and secondly with respect to a Spanish treaty. I contended then that the mere signing of a convention and the mere making of a treaty did not expand our constitutional powers nor permit us to interfere in any sense with the jurisdiction of provincial legislatures. I did that on the basis of the law as it stood then, as I understood it; and it was because in 1935 I believed that the privy council, in the aeronautics case, had taken what the hon. member for Selkirk describes as the wider view, that I made the observations I did at that time, and which I think were wholly warranted.

I wish to point out that the Minister of Justice and the Prime Minister in 1928 supported the position that under the British North America Act we had power, when making treaties or conventions, to deal with them in every sense as effectively and fully as though the provinces did not, for these purposes, exist. The discussion of the question will be found reported first of all in Hansard of April 12, 1928. Without going into it in great detail I may say that the reference is at page 1954. After listening to the

questions which were propounded to the then Prime Minister by my friend and colleague from St. Lawrence-St. George (Mr. Cahan) I began my observations at page 1967, and I pointed out that after this convention was made I thought it was doubtful whether Canada should have executed any such convention because it impinged upon the powers which under our constitution were exclusively within the jurisdiction of the provinces. I said:

The provinces and the provinces only are concerned with the question of smallpox, and if an epidemic of smallpox should break out in Quebec or in Alberta the province of Quebec or the province of Alberta, as the case may be, must deal with it. The dominion can do nothing at all in the matter. What is more, neither this parliament nor this government has the right under the constitution to impose upon any provincial government the necessity of making any return to the Minister of Health that sits yonder.

A further discussion took place with respect to the ratification of conventions and we proceeded at some length to discuss the general character of such legislation.

There is just one other matter that I should like to mention arising out of this debate, or rather out of the answer made by the Prime Minister to a question asked by my friend the hon. member for St. Lawrence-St. George. The question was whether this was part of the public law of Canada when the convention had been approved by parliament and ratified by His Majesty, and I said: That question has not yet been answered. Then I proceeded:

The question was very simple; it was simply whether or not this became part of the public law of Canada after its approval and ratification, and it was answered by a long address on how treaties have been and will now be signed.

Then the Minister of Justice, then and now, said to me:

My friend knows the answer; it is the simplest thing possible, and the answer is obvious.

Mr. Bennett: What is it?

Mr. Lapointe (Quebec East): My hon. friend knows very well that if this house approves of this convention and it is ratified, the convention will be binding upon Canada. If there is need of statutes or legislation, the house will be called upon to pass that legislation.

I then asked this question:

I wonder if the minister realizes just what he has said? To carry into effect what he has just said involves an amendment to the British North America Act.

I was speaking in 1928 in the terms of the decision of the Supreme Court of Canada on the labour questions that were referred to then. Then I proceeded at page 1971:

However, now we have the answer of the Minister of Justice that this convention, when approved by this parliament and ratified by the sovereign, will become a part of the public law of Canada, binding this country and imposing upon our people the necessity of passing such legislation as may be necessary to give effect to it, if need be. I point out to him that that involves changes in the constitution of Canada, because it places upon this parliament a power which parliament cannot exercise, having regard to the constitutional provisions of the British North America Act which confer those powers upon the provinces and not upon the dominion. Let there be no misunderstanding about this question to which the hon. member for St. Lawrence-St. George vainly sought an answer, and which is now answered by the Minister of Justice. Does the Prime Minister wish to ask a question?

Mr. Mackenzie King: I was going to say to my hon. friend that I think he is entirely wrong on that point, and I would like to give him my reasons later.

We then proceeded and discussed this matter at some length. A question was then asked by the Solicitor General, Mr. Cannon, and the Prime Minister closed the debate. Apparently he then thought that section 132 was broad enough to enable this parliament to deal with the whole situation, for at page 1973 he said:

My attention has just been drawn to section 132 of the British North America Act, which provides:

"The parliament and government of Canada shall have all powers necessary or proper for performing the obligations of Canada or of any province thereof, as part of the British Empire, towards foreign countries arising under treaties between the empire and such foreign countries."

Mr. Bennett: That does not cover this.

Mr. Mackenzie King: My hon. friend might there say that we have again a question of interpretation of what is and what is not the British Empire. I hope he will be able to see that under that clause the last vestige of his argument fades away.

At that time the Prime Minister and myself were holding divergent views; divergent because I accepted the opinion of the Supreme Court of Canada as conferring upon the provinces only the jurisdiction to deal with questions that might arise under labour conventions, whereas the Prime Minister at that time held the view that section 132 was ample to enable this parliament to deal with any matter that might arise by reason of Canada becoming a party to a convention or treaty.

After the aeronautics and radio cases to which I shall presently refer, I held and now hold the opinion which the Prime Minister then held, because I believe the judgment of the privy council in the aeronautics case was ample justification for the position that we had powers as ample and as plenary and complete as any parliament could have for the purpose of implementing any obligation

created by treaty or convention. That was the position when we had to deal with the sanitary convention. And I really expressed the view that I was uncertain in my opinion with respect to the matter—a very unusual thing—because I felt that there was no body of jurisprudence to which one could turn for the purpose of ascertaining what construction should be placed upon section 132 or the general powers of this parliament when dealing with conventions and treaties.

Then a few days later, namely on April 16, the then Minister of Finance, Mr. Robb, moved a resolution with respect to a treaty with Spain. Great Britain made a treaty with Spain, and a provision was inserted in it whereby Canada could avail herself of the benefit of it if she so desired. And the Minister of Finance said: We desire to do so; and we were approving of that exercise of discretion. On looking at the treaty I saw that it imposed upon us obligations which were solely within the jurisdiction of the provinces. So I raised this question, at page 2053:

I wonder, Mr. Chairman, if the attention of the Prime Minister has been directed to this bill. The other day I had occasion to draw attention to the fact that some of these conventions which were submitted for our approval had the effect of placing obligations upon the provinces, and that under our constitution exclusive power to deal with certain matters was vested in the legislatures of the provinces and not in the federal parliament. My right hon. friend the Prime Minister referred me to the section of the British North America Act dealing with this matter. I was perfectly aware of the section, but I do not apprehend that it could ever be taken as enabling us to amend our constitution by the aid of a convention made between Great Britain and a foreign state and approved by us. I do not think that even the credulity of the Prime Minister could be imposed upon to that extent, although the other day he said that he did not happen to be a lawyer.

Then we dealt with several questions which arose under that treaty. One was in connection with succession duties. And I said:—

This article purports to put the residents of Spain in the same position and upon the same basis as the residents of any other foreign state, and I think it might be important to consider whether we are not taking an obligation with regard to the provinces that was never contemplated in connection with a treaty, because not only does that article deal with this matter, but there are other articles that deal with military obligations, which clearly are within the power of this parliament.

Then having further reviewed section 132 I took the position that the constitution could not be amended in that way, and I suggested that it was desirable that the matter should be carefully studied. The then Solicitor General intervened and suggested that the true interpretation of section 132, namely, dealing with our treaty making power, was ample for all purposes, and at page 2055 I asked whether:—

(A treaty) negotiated between a foreign state and Great Britain, to which we give our approval, could deprive the legislature of any province of its plenary powers. Such a contention is certainly at variance with the statement of the law made by Lord Loreburn in the privy council. It would simply imply that the plenipotentiaries of Canada and of some other country might sign a treaty which, without reference to a province, could deprive that province of its legislative power with respect to every subject matter that might be dealt with in that treaty. It is perfectly clear that this is not the law; it is not at any rate the law heretofore understood by jurists of repute . . . Surely no treaty can take away from any provincial body its legislative power; it can affect only those powers which the dominion may exercise in the province. That is to say, this parliament might denude itself of every power which it has a right to exercise in every one of the nine provinces, and the provinces would thereby be bound. But the legislative jurisdiction of the legislatures, conferred on them by the British North America Act, cannot be limited . .

The Prime Minister of that day and of to-day took another view. He intervened with a question, and I said to him:—

I quite agree with the Prime Minister that there must be a national entity, and that national entity is Canada. Canada is composed of several provinces; but the national entity has power to make laws for the national well being. These laws thus made for the national well being, however, must not conflict with the exclusive jurisdiction conferred upon the provinces by the constitution with respect to those enumerated classes of subjects in section 92 of the act, and some of the articles of the treaty deal in terms with matters solely within the exclusive jurisdiction of provincial legislatures, being designated and named classes of subjects over which the legislature alone has jurisdiction—not jurisdiction concurrently with this parliament but exclusive jurisdiction in the terms of the constitution itself.

Then we proceeded to discuss the matter further, and I concluded what I had to say at page 2060. I stated that I had no certainty in my views, but suggested that it was desirable that the matter should engage the attention of the law officers of the crown.

That was in 1928. In 1931-32 we had the judgments in the radio and aeronautics cases. I read the questions which were submitted to the courts and subsequently to the privy council, on which it was held that the parliament and government of Canada had power to deal with the problems that were raised by the convention made with respect to aeronautics, to which Canada was a party. That

modified my entire view of the law of this country. That made me believe in Lord Sankey's judgment in the Senate case, as to "person" including a woman. It made me conclude that this "growing tree" to which Lord Sankey referred had made the constitution of this country broad enough to cover the very situation with which he dealt there, and of course as a lawyer that decision was binding upon me. It is now asserted by the Minister of Justice (Mr. Lapointe) that because we enacted legislation based upon conventions, which are recited, the same as the convention with respect to aeronautics, we have thereby lessened and curtailed the powers of this parliament to deal, under our constitution, with the problems that are before us. I cannot agree with that view, and I hardly think the minister would agree with it if he had heard the hon. member for Selkirk, which he did not.

I shall not again traverse the ground, but it is perfectly clear that the privy council has now taken the view that the construction to be placed upon the conventions and treaties that we make is a construction wholly at variance with the construction placed upon it by the combined weight of the aeronautics and radio cases. That is fairly clear. It is at variance with the view which the Prime Minister and the Minister of Justice expressed in this house in 1928 as being the true construction. It is in accordance with the view I presented to this house in 1928, because those cases had not then been decided, and the language I used might almost be taken to be the language of Lord Atkin himself in the cases we are now considering. Social insurance, unemployment insurance, hours of labour, wages, and matters of that kind, other than the first mentioned, were the subject matters of conventions but, as was pointed out by the hon. member for Selkirk, that received no consideration at the hands of the judicial committee. Adopting in every respect the language used by my colleague from St. Lawrence-St. George, I cannot and do not understand how that committee decided those cases on the citation of a section in language which is wholly at variance with the language used.

The British North America Act contemplates conflict between provincial legislatures and the parliament of Canada. It contemplates that legislation enacted by this parliament may lessen and curtail and restrict the power of the provincial legislatures with respect to property and civil rights. In that connection the old case of Tennant and the Union Bank; the old case of the Grand Trunk employees and their pension fund, and other cases come at once to one's mind. Since the very inception of judicial decisions on our constitution it has always been admitted and taken for granted that of necessity there would be a conflict in relation to property and civil rights in the exercise of almost any legislative power that we as a parliament possess.

Mr. THORSON: When it is ancillary or necessarily incidental.

Mr. BENNETT: Quite so; but, as was said as early as the Tennant case, those are powers that are ancillary to the general power and its exercise. What have the privy council done now? They have used the language to which my hon. friend from St. Lawrence-St. George referred; in every instance, instead of differentiating between the words "in relation to" and "affecting" they have adopted the word "affecting." The word "affecting" does not appear in the British North America Act at all, so far as I know. It is taken for granted that in the very nature of things legislation enacted by this parliament will affect property and civil rights. Chief Justice Duff, in the Gold Seal case, drew the distinction so clearly when he pointed out the fallacy of endeavouring to read the words "in relation to" and "affecting" as being similar that it does strike one as being a pitiful sort of thing that we should have eminent jurists reading a section casually, without any reference to its exact language, and predicating upon that a decision which I submit is wholly at variance with the previous decisions of that court.

Leaving that, I come to the next point I desire to make. The other day my hon. friend the Minister of Justice was annoyed at an observation I made in connection with these cases. Everything that was said with respect to the committee by the hon. member for St. Lawrence-St. George is more than applicable to the cases themselves. At the end of the social legislation cases counsel for the dominion, on the record, admitted that in every instance they affected property and civil rights. The judicial committee at once jumped to the conclusion and said, "That is conclusive; he admits it." Well, you see, that is wholly at variance with the proper argument that should be placed before that court, and that leads me to the last point I desire to make.

That point is this: We should not have submitted to the court the question of the validity or invalidity of the statutes as a whole when they involved questions which could be properly solved only in the light of concrete facts that might arise with respect to them. It is quite clear that with respect to questions as to the extent of jurisdiction it

is quite a proper exercise of power to submit a case to the supreme court and the privy council; there is no difficulty about that. But when the Lemieux Act was passed, its author to a large extent being the right hon. Prime Minister (Mr. Mackenzie King), that statute remained in operation in Canada for twenty years and more.

Mr. THORSON: Eighteen years.

Mr. BENNETT: I thought it was more than twenty years; my hon. friend from Selkirk corrects me. However, it was in operation during each of those eighteen years. It was not referred to the Supreme Court of Canada or the judicial committee for determination as to its legality, but one day in Toronto a lawyer said, "I am going to test the validity of this act in the light of the facts of this case." He did so, and the statute was held to be bad.

Mr. THORSON: He had the good luck to draw Lord Haldane.

Mr. BENNETT: Well, my hon. friend from Selkirk seems to have little confidence in Lord Haldane as a jurist; he thinks it was a matter of good luck drawing Lord Haldane, but after all he was only one member of a court of five, I think, in that case. They decided that the statute was bad, but they did so in the light of the facts that were referable to the provisions of the statute.

Take the unemployment insurance case. It is quite clear, Mr. Chairman, that the power must lie either with the provincial legislature or with this parliament.

There are only two questions of importance with respect to it. First of all the judicial committee said: We regard this statute as bad because it affects property and civil rights. That is an erroneous quotation of the section.

Then they dealt with the question of compulsion. Now I simply put this to the minister: The compulsion to which the court refers was a compulsion as to payment of levies by employers for the employee and themselves. Only a few short months before that, the privy council had decided that a province could not do it. Since a province could not do it, there does not seem to be any doubt that this parliament must have the power.

The Crystal Dairy case was the basis of our legislation on the question of levy, and that case was decided in 1932—long after 1928. In that the court decided two things: (a) that levies made on dairy farmers were taxes, and (b) that they were indirect taxes and therefore beyond the competence of the province to impose. In the light of that, how could the privy council decide other than that levies of a similar character made by this parliament were within its jurisdiction?

I am not going to traverse the legality or illegality of the judgments. The Minister of Justice will very properly say to me: You are bound by the judgment of your courts. But that leads me to make clear the point which I desire to make. Had the facts with respect to the character of the levies been brought to their lordships' attention, had it been brought to their attention that these other matters were conditions which had to be preserved in order that the workman could get benefits, and were not in any sense compulsory powers imposed upon him by the statute, there would not have been any such submission to the court as was made in that instance; and there would not have been any possible conflict between the decision in the Crystal Dairy case and the judgments here. Because here we have a court seriously deciding a case in 1912—and I dare say some hon. members of the committee will recall that it was to that case I directed attention when we submitted the unemployment insurance measure to the house. I well remember the Minister of National Revenue (Mr. Ilsley) making some observations at that time, and seeing him in his seat brings the matter to my mind. We submitted our measure to the house because the judicial committee had decided that it was illegal for a province to make those levies against the farmers as they constituted indirect taxation, and taxes.

All you had to do was to apply that principle to this case. You have levies, taxes. The taxes were indirect, and therefore within the jurisdiction of this parliament. I can add nothing to what the hon. member for St. Lawrence-St. George has said in that connection. I can only adopt what he has said; and I would add to it what was said by the hon. member for Selkirk and thereby obviate the necessity of my repeating.

Now let us see where we are. By reason of referring the whole statute to the court, without any concrete facts, and without any knowledge of the surrounding circumstances, we have the court giving judgments for reasons which on—well, the most careless consideration—will be regarded as inadequate, because there is a misinterpretation of the statute, and that misinterpretation is made the basis of an erroneous judgment. That very same court said that an opinion—and this is an opinion—of the judicial committee is no better than that of the Minister of Justice. That is, as a law officer of the crown and as Minister of Justice he has

expressed his opinion that this was bad. The judicial committee has done the same. The opinion of the one is as good as that of the other. The judicial committee say so.

And they go further. They say that these opinions would be worthless as being speculative opinions on hypothetical questions. Then they go further and say that it would be extremely unwise for any judicial tribunal to attempt beforehand to exhaust all possible cases and facts which might occur to qualify, cut down and override the operation of particular words, when the concrete case is not before it. They said that away back in 1903, in connection with the Hamilton Street Railway case.

Again in 1914, in a case from British Columbia, they said how unsatisfactory it was, and used the words, "it may turn out to be practically impossible to define a principle adequately and safely without previous ascertainment of the exact facts to which it is to be applied."

Now that is certainly strikingly true in this case, and what is true with respect to the judicial committee is equally true with respect to the supreme court. There are other decisions in which the same observations are made. I do suggest that in view of the fact that the present government expressed its opinion so strongly before it came into office, it should have been extremely careful to see to it that every precaution was taken to secure a decision which at least would carry the confidence of everyone, and that it would be a decision on concrete facts.

That not being so, now, after all these months, we are in the position we were in when we first launched the reference to the supreme court. The opinion of the judicial committee is exactly that which was given by the Minister of Justice before the reference was made. I think that is unsound, and I submit to the minister that it is unsound. It is at variance with what was done in the Lemieux case.

Certainly I have no difficulty in saying to the minister that I wholly agree with him that in many cases where it is purely a question of jurisdiction, and facts have no reference to the matter, it may be very helpful to have opinions on questions of law. But when the law and the facts are so closely interwoven as to necessitate the statement of a principle being applied to exact facts, with the result that the application to the facts may bring one result or may bring another result, depending upon the character of the facts to which the principle is applied, it is very erroneous to have a case of this kind and of this magnitude left for decision in the form in which it was. I do not make that statement in any sense to annoy the Minister of Justice, but I would point out that counsel representing us in these cases, in his closing observations, according to the record of the argument, said. "Yes, in all these cases, in every instance, this legislation affects property and civil rights."

Mr. LAPOINTE (Quebec East): And it was true.

Mr. BENNETT: Of course it is true, but the phrase in section 92 is not "affect" but "in relation to." There is no legislation that can be passed by this parliament which does not affect property and civil rights. If the British North America Act had said "affecting" I would not be criticizing it now. But the British North America Act said that it shall have exclusive power "in relation to" and our chief justice, with the approval of the other members of the court, has pointed out the fallacious reasoning that was applied when there was an endeavour to give the same meaning to the word "affecting" and the expression "in relation to." For that reason I join with the hon. member for St. Lawrence-St. George in his criticism of these judgments. I think they are most unfortunate having regard to what has transpired in the days that are past. I cannot agree with the hon. member for Selkirk. I believe that the judicial committee has rendered a great service to this country. One reason is that you have but a single judgment or a single opinion; that is, there can be no diversity of opinion.

Mr. THORSON: What is the good of having a single opinion if that opinion is bad?

Mr. BENNETT: But there are always at least two sides to every case, and it depends which side you are on, whether you think the decision is bad or good. That is one of the real difficulties. The fact that there can be no dissenting opinion in the advice given to the sovereign has had an excellent effect in many instances in this country, because it has been the opinion that close proximity to the subject matter has had an effect upon the minds of men. I wonder if the hon. member for Selkirk has forgotten the Hayes and Tilden election? I wonder if he has forgotten that the political decision given in that case had a direct bearing on the presidency? I wonder if he realizes the conflict now going on in the United States because of majority opinions as against minority views?

I do think that on that account alone there has been an extreme value attached to the decisions of the privy council, but I think it

was most unfortunate that in these cases, above all others, that abstract proposition should have been submitted to the judicial committee without any facts being before them upon which a decision could be based.

I agree with what was said by the hon. member for Selkirk as to questions of fact. I think there is no doubt that when men many thousands of miles away have to conjecture as to the facts, perhaps you will have a miscarriage of justice. But when you present facts, as they did in the marketing case in British Columbia and in the Lemieux case, then you get a decision based upon facts disclosed by evidence to which principles are applied. In these cases the principles were applied to facts that unfortunately were imaginary. The judicial committee did not have before them the evidence of any witnesses; they had nothing to indicate what the operation of the statutes really meant, and so they assumed facts and applied principles with results disastrous to the legislation.

We all know that you cannot have various provinces enacting legislation of this character, for the reasons given by the hon. member for Selkirk. You will have one province doing it, and another trying to outbid it. There will be an effort to get industry to move from one province to another. The legislation must be national and universal in its character.

Mr. MACKENZIE KING: That is what they have been doing.

Mr. BENNETT: They have been doing that, and we know perfectly well the type of discussion that has taken place in connection with it. I have been reading how some of them are contending that they are going to get this industry, while another contends that they are going to get it. Sometimes it is partly a question of power; sometimes it is partly a question of labour; sometimes it is partly a question of cost or partly a question of legislation; but all this conflict should not be. You cannot have conflict among eight or nine provinces. Suppose the provinces all agree to pass the same legislation? You still have the possibility of its being amended or changed.

Then you have the all important matter of administration, as has been demonstrated in connection with old age pensions. Administration will be all important in connection with many of these matters if you are going to have fairness, continuity and stability.

Mr. MACKENZIE KING: Is not that really an argument for a change in the constitution?

Mr. BENNETT: I am coming to that. It is quite clear that in view of these decisions —we are accepting them as they are, as the minister suggested the other day—there is only one way to deal with them, and that is by amending the constitution. There is no doubt about that. As it stands now, unless the minister feels disposed to take a concrete case and get the facts before the court, which I feel sure he is not prepared to do, it resolves itself into a question of amending the constitution. As to how that is to be accomplished there are differing views. My own personal view is that we can accomplish it more quickly, and more in accordance with our democratic institutions, if we hold a convention representing the provinces and the dominion and all shades of political opinion. There could then be presented to this parliament a petition which could be passed through the Commons and the Senate after the legislatures of the provinces have dealt with it.

It does not require much of an amendment to deal with many of these matters. An amendment of a couple of lines to section 91 would do it. There is no doubt about it, whatever may be our differences of opinion with respect to these cases and these decisions, and as to the method and manner by which the judicial committee were technically seized of their importance, we can secure uniform national laws only by an amendment to our constitution. I am not going to cover that ground beyond what I said the other evening. I still cling to the idea that if we are going to do it, we should do it in the same manner I indicated. As the constitution was created, so it should be amended. The convention that brought about the creation of the constitution should be duplicated for the purpose of providing its amendment. I cannot think that a commission dealing with problems of taxation is the proper body to deal with the question of amending the constitution itself.

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Chairman, I hope I shall be able to say what I have to say in the few minutes that remain to-night. My right hon. friend (Mr. Bennett) said that he differs from the hon. member for Selkirk (Mr. Thorson) for my right hon. friend is in favour of the institution of the privy council although he criticizes the decisions which were rendered in these special cases. I differ from my right hon. friend as I have not changed the views which I have expressed quite frequently in the house with regard to the advisability of Canada being able to decide in our own country on the cases which come before our courts. I do not hold that view because of the judgments which were delivered recently.

Mr. BENNETT: You have held that view for a long time.

Mr. LAPOINTE (Quebec East): Yes. I would direct the attention of the hon. member for Selkirk, who has said that these decisions are a challenge to the parliament of Canada, to Canadian autonomy and Canadian sovereignty, to the fact that, after all, these decisions conform to the views which were expressed in this house by quite a number of us when the acts were enacted. The decisions are also in harmony with the views of the representatives of the various provinces of Canada—

Mr. BENNETT: Not all of them.

Mr. LAPOINTE (Quebec East): —which have the right to be heard on a matter of this kind. And above all these decisions are in conformity with the views of a majority of the Supreme Court of Canada.

Mr. BENNETT: Based on previous decisions.

Mr. LAPOINTE (Quebec East): Well, say as you like, but when the hon. member for Selkirk says that the privy council has deprived us of the right of having unemployment insurance in Canada, they have not done anything of the kind; because the Supreme Court of Canada, which my friend wants to be the final authority in judicial matters, decided four to two that we had not such right of establishing unemployment insurance. In all the decisions that have been rendered by the privy council they merely confirm the views of the Supreme Court of Canada, except in one matter, namely, the labour conventions—the minimum wage legislation, the eight hour day and day of rest laws; and even there the Supreme Court of Canada divided three judges on one side, and three on the other. So to talk of those decisions of the privy council as a terrible encroachment upon the rights of the people of Canada is, if my hon. friend will permit me to say so, a slight exaggeration.

As to the advisability of these references, and in this respect my right hon. friend was very strong in his criticism, they were made in fulfilment of a pledge that had been given by the Prime Minister (Mr. Mackenzie King).

Mr. BENNETT: Not all of them.

Mr. LAPOINTE (Quebec East): These references were made after the constitutionality and validity of every one of these enactments had been challenged on the floor of the house and by most of the provinces, at any rate by those which had expressed themselves on the matter. Would it have been the right thing, would it have been good policy on the part of the government of Canada to launch into a tremendous expenditure of public money on unemployment insurance organization, on the marketing of natural products, and upon other things without having the views of the court? Not that it should be done normally, ordinarily, under usual circumstances; but because of the fact that these laws had been attacked from the very start as being without the sphere of jurisdiction of this parliament. My right hon. friend says it would have been different had it been a case coming ordinarily between parties; but I do not see wherein it would have been different. My right hon. friend says that facts were withheld. What facts?

Mr. BENNETT: The facts which they misstated.

Mr. LAPOINTE (Quebec East): On the question whether the eight hour day legislation was or was not within the sphere of the parliamentary authority of Canada, what facts could be set out? The same applies to the minimum wage law. I admit that I asked for a report from one of the counsel in the case with regard to this contention, and this is what he tells me:

> I do not think the result would have been any different. For instance, all of the facts which could have any bearing upon the validity of the Employment and Social Insurance Act were fully set out in the appendix to the dominion's factum, and were—

Mr. BENNETT: Not any of them.

Mr. LAPOINTE (Quebec East):

—and were fully brought out in argument.

Mr. BENNETT: They set out the circumstances as to how we had powers to sign treaties, and what took place after the war; but the question of the assessments, and how the money is collected, that is not set out.

Mr. LAPOINTE (Quebec East): This was given to me by the officer of the department who has been, more than any other, instrumental in the preparation of the factums and the appendices, both in the supreme court and in the privy council:

> All of the facts which could have any bearing upon the validity of the three acts based upon labour conventions, namely, the Weekly Rest in Industrial Undertakings Act, the Minimum Wages Act, and the Limitation of Hours of Work Act were fully set out in the appendix to the dominion's factum and were also fully presented in argument. Moreover, in the case of the Marketing Act, counsel who argued in support of the legislation made the board fully acquainted with the operations which were being carried on under the act, although no material in this regard was set out in the record of proceedings.

Mr. BENNETT: You see, British Columbia supported that.

Mr. LAPOINTE (Quebec East): If it is wrong, I know it does not make it right to say that it was done by himself; but I use the illustration because I believed it was right and I believe it is right now. My right hon. friend bases most of his argument on the decisions in the aeronautics case and in the radio case. Both those decisions were rendered under exactly the same circumstances.

Mr. BENNETT: Quite so.

Mr. LAPOINTE (Quebec East): The government of my right hon. friend did not wait for parties to institute actions. They took the proper steps to refer those two acts to the Supreme Court of Canada.

Mr. BENNETT: That had been agreed upon at the start.

Mr. LAPOINTE (Quebec East): Very important it was, and obviously the then government was well satisfied with what happened, because my right hon. friend based his contentions mainly on the decisions in the radio and the aeronautics cases.

Mr. BENNETT: That is right.

Mr. LAPOINTE (Quebec East): And it is the purpose of this section of the Supreme Court Act to enable the government, when legislation may be doubtful or when it is claimed by other parties, and more particularly by the provinces, that it infringes upon their rights, to ascertain before such legislation is carried into effect the views of the court. The courts have not to decide what the parliament of Canada ought to have in the way of powers; their duty is to decide what we actually possess.

Mr. BENNETT: That is right. No doubt about that.

Mr. LAPOINTE (Quebec East): There is a leading proposition in Lefroy's Canada's Federal System which, I think, applies very well to this situation:

> The British North America Act although upon it is established the constitution of a vast dominion, is, after all, a statute, and courts of law must treat its provisions by the same methods of construction and exposition which they apply to other statutes, no matter how great the constitutional importance of questions which may be raised.

Mr. BENNETT: Lord Sankey went a little further than that in the Senate case.

Mr. LAPOINTE (Quebec East): As I said, the privy council merely upheld the decision of the supreme court. It may be said that this particular judge of the supreme court was on one side, and some other judge on the other; but I do not think it is proper to weigh the abilities or the experience of judges one against another, for nothing could shake the confidence of the people and of litigants so much as comparisons of that kind. After all, what we have to do under the circumstances is what my hon. friend from St. Lawrence-St. George (Mr. Cahan) advised in a learned speech of his in Montreal, which was reported in the Montreal Star of March 8, in which he said:

> It is a proper matter for intelligent discussion as to whether it is in the national interest that the exclusive power of the provincial legislatures, as now judicially defined, in matters of social and economic reform, should not be somewhat curtailed and the powers of the dominion parliament correspondingly extended; but, in the meantime, until the British North America Act is amended by constitutional methods, no good purpose can be served by either the dominion parliament or the provincial legislatures attempting illegally to exercise the powers now fully vested in the other or others of them.

I fully agree with my hon. friend from St. Lawrence-St. George that we have attained national status, but the charter has not been changed yet. We have grown up, but the garment in various respects has not been altered; and this, I believe, is what is necessary at the present time.

Mr. BENNETT: We thought it was elastic, but it turns out to be a strait-jacket.

Mr. LAPOINTE (Quebec East): I do not want to present a legal argument to-night, but section 132 refers to treaties between the British empire and foreign countries. My hon. friend from St. Lawrence-St. George says that Canada is a part of the British Empire. Yes; but that was not what was contemplated at the time by section 132. I believe that a change in the wording of section 132 would bring about what my hon. friend wishes and what I, too, wish.

Mr. CAHAN: The change required is not a change in the statute but in the official advisers of His Majesty.

Mr. LAPOINTE (Quebec East): That is something that might very well be argued.

Mr. BENNETT: The minister thought so in 1928.

Mr. LAPOINTE (Quebec East): The leader of the opposition, when he introduced the Statute of Westminster in this house, took good care to point out that nothing had been changed in the way of taking away any rights from the provinces. He had taken good care to protect that.

Mr. BENNETT: Hardly that. The provinces of Ontario and Quebec had pressed that there should be no change in the method of dealing with the British North America Act.

Mr. LAPOINTE (Quebec East): I will read what my right hon. friend said:

> I think it will be a matter of satisfaction to the house to know that the representatives of the provinces and the dominion unanimously agreed that we should insert as a section of the Statute of Westminster the section which is now before the house: "(1) Nothing in this act shall be deemed to apply to the repeal, amendment or alteration of the British North America Acts, 1867-1930, or any order, rule or regulation made thereunder." In other words, lest it be concluded by inference that the right of the provinces as defined by the British North America Act had been by reason of this statute curtailed, lessened, modified, or repealed, we made in the statute itself a declaration that such is not the case.

My right hon. friend himself inserted in the statute a provision that made it clear that the new change would not in any way have the effect of taking away from the provinces the same rights which they had before and vesting those rights in the parliament of Canada.

Mr. BENNETT: All it did was to say that there would be no change by statute in the status quo.

Mr. LAPOINTE (Quebec East): But there would be no change in the status quo, for my right hon. friend said "By reason of our new national status we now have rights that we did not have before."

Mr. BENNETT: That is what Lord Sankey said. Lord Sankey said it was an elastic garment.

Mr. LAPOINTE (Quebec East): After all, the only decision upon which the question of a treaty was raised was with respect to the labour convention, the eight-hour day, minimum wages and so forth, and my right hon. friend says that those conventions were exactly like the aeronautics convention.

Mr. BENNETT: In substance.

Mr. LAPOINTE (Quebec East): He knows that the circumstances are quite different. Those draft conventions—and they were only what are called draft conventions—were not assented to and signed, becoming binding on those who signed them or approved of them at Geneva at the international labour conferences. They had been there for years, one of them for sixteen years, not binding in any way. The Minister of Justice of the time, the late Mr. Doherty, whose words I have here, though I have not time to quote them, said that they imposed no obligation upon the Dominion of Canada and merely transferred the subjects to the provinces which were the authorities that could deal with these conventions. And later on, in 1923 or 1924, a reference was made to the Supreme Court of Canada to ascertain the effect of these draft conventions. Both parties in the house, my right hon. friend himself, the then Minister of Justice, and the Right Hon. Arthur Meighen, all took the view that these matters were outside the jurisdiction of the parliament of Canada and were subject matters absolutely within the sphere of the provincial authorities. It was only in 1935 that this parliament was presented with these conventions for approval. I direct the attention of the house and of my right hon. friend to the fact that until 1935 no one claimed or pretended that they were treaties.

Mr. BENNETT: After the aeronautics case.

Mr. LAPOINTE (Quebec East): Even in 1923, if my right hon. friend permits me to say it, on the reference to the supreme court—I have the words of the late Eugene Lafleur who appeared for the dominion at the time—the judges of the supreme court never considered it. So it is only the aviation case and the radio case; and the members of the judicial committee who gave these recent decisions said that they distinguished them. My right hon. friend knows that even on the radio case and the aviation case the judicial committee at the time, although I agree that they considered that those were treaties binding on Canada and giving authority, said that even without those conventions, without section 132, the subject matters of those treaties—

Mr. BENNETT: Peace, order and good government.

Mr. LAPOINTE (Quebec East): —were not matters assigned to the provinces under section 92 of the British North America Act. I agree entirely with my right hon. friend that of necessity the constitution of Canada should be amended. And I cannot understand how there are still people in this country who cannot realize the necessity of amending it. How it must be done is difficult to say. My right hon. friend suggests a national convention, and there is much in favour of the suggestion. But it would be difficult to secure the necessary approval for that convention. At any rate the provinces must be consulted.

Mr. BENNETT: Hear, hear.

Mr. LAPOINTE (Quebec East): I cannot speak for the government because I have not talked the matter over with my leader sufficiently, but I believe that a conference with the provinces is necessary for the purpose of continuing the work that has already been done, especially in the light of the new conditions which exist as a result of those decisions, which settle where the jurisdiction lies in matters which cannot be ignored. The settlement of them is necessary. I agree with the hon. member for Selkirk and my right hon. friend that it is impossible to have an unemployment insurance act which would only be provincial in its scope. It is one of the things which cannot be worked out unless it is national in its scope. And there are other matters, more particularly with regard to labour legislation, on which it would be futile and useless to legislate unless the whole of Canada adopts the same legislation regarding them. I entirely agree with the right hon. gentleman in the claim that it is absolutely necessary to amend the British North America Act. And to those who are afraid to touch this act because of some rights or privileges I say, surely Canadians of to-day are able to settle these matters as the Canadians of 1867 did.

Some hon. MEMBERS: Hear, hear.

Mr. LAPOINTE (Quebec East): We are able to deal with every one of these delicate subjects in a way which will ensure peace in Canada and national unity.

As far as the privy council itself is concerned, it is a fine court. My greatest objection to it is this: Canada has now reached the stage where she has eleven millions of population; she is a big country playing a part in international matters; and I find it difficult to reconcile our standing to-day with the idea of going to the other side of the ocean every time we have a case where there is a sufficient amount at stake. But it is not because of any lack of intrinsic merit in the institution itself. I think it is a fine court and they have always done their best in deciding every case that has gone to them. But it will be a difficult matter, I must tell my hon. friends. The right hon. gentleman has mentioned that the provinces are interested. They are more than interested, because—

Mr. BENNETT: They have control.

Mr. LAPOINTE (Quebec East): They have control of the administration of justice in their respective territory, and they have the right to appeal to the privy council. I think it would be a very difficult matter for Canada. We may deal with our own jurisdiction, and we did it as far as the criminal code is concerned; there is now no appeal to the privy council in criminal matters, but in the other sphere it will be a difficult thing. But when the question is discussed around the table, if I am there I shall vote yes with my friend the hon. member for Selkirk.

This discussion I think has served a good purpose. I am sure it has been very interesting to hon. members and it will be interesting also for the people to read the excellent speeches of the hon. member for St. Lawrence-St. George (Mr. Cahan), of the hon. member for Selkirk (Mr. Thorson), and of my right hon. friend (Mr. Bennett).

Mr. BENNETT: No, mine was not a speech.

Item agreed to.

Progress reported.

It being ten minutes after eleven o'clock the house adjourned, without question put, pursuant to standing order.

Tuesday, April 6, 1937

The house met at eleven o'clock.

TORONTO MEMORIAL SERVICE

On the orders of the day:

Mr. W. P. MULOCK (York North): I should like to address a question to the Minister of National Defence (Mr. Mackenzie). According to a report in yesterday's Ottawa Citizen a member of the Ontario provincial legislature stated that the war veterans of Toronto were extremely annoyed because of an order from Ottawa forbidding the firing of a salute to Canada's war dead at yesterday's memorial service. I should like to ask the minister if his department or this government issued any such order.

Hon. IAN MACKENZIE (Minister of National Defence): My hon. friend was good enough to give me notice of this question. The facts are that application was made to the department by one of the branches of the Canadian Legion for assistance at the memorial service, and that assistance was rendered. It was anticipated by the officers of military district No. 2 that the consent of the local authorities, the cemetery officials and the Lord's Day Alliance would be obtained for the firing of a salute on Sunday, which otherwise is inferentially against the regulations. Evidently that consent was not obtained and the salute was not fired. That is all the information we have in the department. There were no orders issued in that connection.

SEED GRAIN

GUARANTEE OF LOANS FOR PURCHASE OF SEED—REPRESENTATION OF SASKATCHEWAN FARMERS

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I wish to direct the attention of the house to a telegram, typical of several, received from Mr. H. F. Hughes, secretary of the Farmers' Protective Association of Shaunavon. The message reads:

> Officially informed seeding requirements cut nearly in half. Large representation farmers' meeting yesterday passed unanimous resolution that farmers of district refuse to seed an acre of crop until government agrees to give sufficient to every farmer to put in his crop.

Some hon. MEMBERS: Order.

Mr. SPEAKER: I think the hon. gentleman should present his question immediately, without reading the telegram.

Mr. COLDWELL: I wanted to ask if the government would reconsider the matter.

Right Hon. W. L. MACKENZIE KING (Prime Minister): We shall consider the hon. gentleman's question.

UNEMPLOYMENT

PROVISION FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

The house resumed from Wednesday, March 31, consideration in committee of Bill No. 80, to assist in the alleviation of unemployment and agricultural distress—Mr. Rogers—Mr. Sanderson in the chair.

On section 1—Short title.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Chairman, I should like to give the committee some information based on returns that I have received with regard to an investigation into the situation of settlers in some new parishes of Témiscouata county. I desire to make but very few comments in this connection, but it is important that hon. members should be informed as to the distress of these settlers, because the government is paying a share of the cost of direct relief, which is not given to all who need it and which many times is granted only for political considerations.

At St. Jean de la Lande, there is Madame Mastai Allaire, who has four children, three of whom are boys, the oldest thirty-two and the youngest thirteen. She has no more construction timber on her lot, and only a little fuel wood. She had eighteen animals, but she was obliged to sell them because she had no money and no cedar on her lot to build fences. She has one cow and no horse, no pigs, and no sheep, because they were sold. She has eight hens. I shall not read all her remarks but she does state that in that community one woman died of hunger and cold. She was sick and had to sleep on boards placed on nail kegs, because she had no bed.

There is Louis Bard of St. Jean de la Lande. He has nine children, five of whom are boys. The oldest is fifty-one and the youngest twenty-nine. He is an old gentleman. He has no construction timber, no fuel wood and no animals.

There is Auguste Belanger, who has six children, three of whom are boys. The eldest is nineteen and the youngest eight. He has no construction timber, and only ten acres of fuel wood. He has two animals, one cow and one horse, and eight hens. Usually he receives direct relief, but has not had it for three months.

Then, there is Cléophas Balduc of Lac Thibeault, who has two children, both of whom are boys. The older is one and a half years and the younger eight months. He has two thousand feet of construction timber and seven acres of fuel wood. He has two animals, one cow, one horse and eleven hens. He received direct relief.

Then there is Frank Boutin, a veteran of the great war. He has three children, two of whom are boys aged sixteen and fourteen. He has no construction timber and forty acres of fuel wood. He has two animals, a cow and a horse, and ten hens. He does not receive direct relief.

There is Alexandre Caron, of St. Jean de la Lande. He has four children, two of whom are boys. The older is aged ten and the younger two. He has no construction timber and twenty cords of fuel wood. He has one cow and six hens. He has neither ox nor horse to work his lot, and stated that he had not received direct relief for two months. His statement was that the settlers are in distress. They have no roads, no shelter for the winter and receive no assistance in that respect.

There is Emile Caron, of St. Jean de la Lande. He has six children, he has no construction timber and no fuel wood. He has one cow and receives direct relief.

There is Leon Durepos, of Lac Thibeault. He has four children, two of whom are boys, the older thirteen and the younger eight years. He has no construction timber and no fuel wood. He has no lot and no animals. He states that he is dying of hunger. Just imagine, here is a family of six people without any animals or timber. He does not receive any relief.

Then there is Josephat Fecteau, St. Jean de la Lande. This man has ten children, seven of whom are boys, the oldest nineteen years and the youngest eighteen months. He has no construction timber and fifteen or twenty cords of fuel wood. He has two animals, one cow and one horse. He has no hens, no sheep or no pigs, and receives direct relief. His statement is that he lives on a lot not suitable for farming purposes, and does not see how he can live any longer with his family. He has to sow his seed on the rocks.

There is Maxime Garneau, of St. Jean de la Lande. This man has eight children, three of whom are boys, the oldest being seventeen years and the youngest seven. He has no construction timber and only a little fuel wood. He has seven animals, two cows and two oxen. In addition he has one pig and two sheep. He has twenty hens. Compared with some of the others, this man is rich, but he needs the relief that he receives.

Then, there is Joseph Gravel of St. Jean de la Lande. This man has five children, three of whom are boys, the oldest twenty-nine and the youngest twenty-three. He has no construction timber and only a little fuel wood. He has no animals and receives direct relief irregularly.

There is Madame Leon Leclerc, of Lac Thibeault. She has five children, the oldest ten years and the youngest eleven months. There is only one boy. She has no construction timber and no fuel wood. She has only one cow. Her statement is, "I am alone with my five children. We are very poor, and have not sufficient money to look after the family." She receives $16 per month.

There is Felix Morin, of Lac Thibeault. He has one child aged fifteen years. He has two thousand feet of construction timber and fifty cords of fuel wood. He has fifteen hens, and receives direct relief.

Joseph Pelletier, of St. Jean de la Lande, has two boys aged nine and seven years. He has no timber of any kind and only two animals, one cow and one pig. He has fourteen hens. Although ordinarily he receives direct relief, he did not get the last payment because he had received a cheque of $28.82 as a settler's premium. He owed that premium on the cow he had purchased. His statement is, "I need my relief for my family."

These are sad cases. As settlers some of these farmers receive a small amount of relief. They have to live on it, and can make no money in addition. If they make $4, $5 or $10 on the road they must lose their relief. If a settler buys a horse he has to transfer his colonization premiums, and the money he gets for working on the roads, or from any other source. If he sells some timber he gets no more direct relief and then he cannot pay for his animals. Suppose a farmer purchases a horse for $150, the current price. He transfers his settler's premium and anything he can get for his timber to the one who sells him the horse. Suppose that amounts to $100; that is given as a guarantee. Just because he has that money due to him he does not receive direct relief. When he cannot pay the balance of $50, the horse dealer comes and takes the horse away and the settler has nothing and is still unable to get direct relief. This is an absurd situation. I understand that they have tried to make some improvement but I do not see how it can be done. The whole responsibility rests with the provincial government and especially with Mr. Laforce. This man has been loaned by the Canadian National Railways to the Quebec department of colonization.

Mr. HEAPS: What position does he occupy in the Quebec government?

Mr. POULIOT: Deputy head of the department of colonization. He is now the man in charge of the whole thing. Since he has been in charge there have been many more complaints from the settlers. I do not want to take up too much time so near to the end of the session, but I must say that when men, women and children are facing starvation and when we have the documents to prove these things, there should always be time to direct the attention of this country to the needs of these poor settlers.

Here is what I want to explain in order that I may not be misunderstood. Laforce is an ignorant settler from the back parishes of the county of Rimouski. He was appointed by Mr. Boulay, the former Conservative member for Rimouski, to a position in the immigration department of the Canadian National Railways. When it was decided that there would be less done in connection with immigration, he started a colonization branch. Both really go together and the first purpose was to make settlers of the immigrants. However, it did not work out, because most of the immigrants crossed the border or were deported or engaged in trade in the cities. Very few of them engaged in farming, especially in late years. Laforce secured an office in Montreal and he started to give lectures over the radio. He did not write these himself as he cannot write French correctly. His lectures were prepared for him by some highly paid scribes, but they were very badly delivered by himself over the radio. He had them transcribed and mailed copies to members of parliament and other people, all at great expense to the Canadian National Railways.

All this was done, not to improve the condition of the settlers or to make any progress in a back to the land movement, but simply to justify the existence of Laforce's job. This man was in a position which was absolutely needless, and he had to justify his continuing in that position. He attempted to do this by giving lectures on how agriculture was conducted three thousand years ago and other things just as stupid. He was borrowed finally by the government of Quebec and now he is the deputy head of the department of colonization.

This man is largely responsible for the mistakes which have been made in the past by the Quebec government in placing these settlers on a bunch of rocks in the parish of St. Jean de la Lande which I have mentioned. I called this place the eternal city because it is built on seven hills. On each of these hills there are just a few shacks. On the main hill there are three or four buildings consisting of a small chapel, a small house for the parish priest and a small building for a school. If a man wants to visit his neighbour he has to go down a steep hill and then up another for a distance of at least a mile. The post office is located in the ravine. Mr. Hungerford, the president of the Canadian National Railways, admitted the other day in the railway and shipping committee that Laforce had "cooperated" with the Quebec government in connection with such colonization. Therefore he is one of those responsible for the misery and distress of these men.

I denounce him most bitterly. I asked for some information about him from the former government but I did not receive it. I was told that the Canadian National Railways considered that it was not in the public interest to give this information. I have no grudge against Laforce, but he is the man responsible for the misery of these men and women in my constituency who are dying of hunger. There is no excuse for that. If some man in an aeroplane is reported lost because of a fog the country goes to considerable expense to try to locate him. That is done to help just one man, but there are hundreds of people in the parishes of St. Jean de la Lande, and also at St. Elzéar, Lejeune, Lac Thibeault and Auclair who are starving. There are others at many of the other new settlements which have been located in Témiscouata, Gaspé, Bonaventure and Rimouski.

It is a shame that these men should be made to suffer in order that this soft job for Laforce may be more or less justified. When he left the Canadian National Railways his work was praised highly by his successor, Mr. Lanctot, who wanted to keep this soft job so he said that everything that Laforce had done was right and that he was a great Canadian. The federal government has no responsibility with regard to the establishment of these settlers; that rests entirely upon the colonization branch of the Canadian National Railways, but Laforce cooperated with the Quebec government in establishing these settlers on lands which were absolutely no good for farming. I am thankful to the minister for several reasons.

Mr. BENNETT: That is mutual, doubtless.

Mr. POULIOT: I have received more satisfactory answers from the present Minister of Labour than I did from the last one, who if not dumb was very silent when I asked him about these matters. The present minister at least gives a polite reply and does his best to consider the distress of these settlers. He does not sidestep the issue at all. The minister is familiar with all I have said. After I have exposed to the committee the plight of these settlers I shall give the particulars of my investigation to the minister in order that he may take the matter up further. I thank the minister also for the kindness which he and his officers have shown in communicating with the Quebec government with regard to the distribution of relief to settlers. I thank him also for having sent Mr. Lafortune there to make a thorough investigation of the distribution of relief to those men and women; I am very anxious to see Mr. Lafortune's report. What I speak about are things with which I am thoroughly familiar.

Here is another case, that of Maxime Pelletier, St. Jean de la Lande. There are three children, two of them boys, the oldest child three years old, the youngest eleven months; two hundred cords of fuel wood, no construction wood. He has ten animals—he is rich; one cow, two sheep, seven hens. Think of that! He has asked relief for his baby. There is the case of Alcime Soucy, Lac Thibeault, Témiscouata county, eleven children, seven of them boys; the oldest child twenty-nine years, the youngest six years; no construction timber; fuel wood, two or three hundred cords. He has fifteen animals: two cows, two oxen, one horse, two pigs, eight sheep, twelve hens. This is a much better case than the others, but may I ask hon. members from any province whether they would regard men in their constituencies with that amount of live stock as being rich farmers?

Most of the settlers in the parishes which I have already mentioned have large families

and have no animals. The other day I referred to cases where babies were being fed, not with milk, but with the juice of pork and beans, or of beans only. Not only that, but in some cases the farmers have had to make soup with roots which they found in the woods. Is it surprising under such circumstances that game is destroyed? These men must live. They are suffering from hunger. Can we blame them for killing a deer or a moose or fishing during the closed season?

May I make it clear to the committee that I have not hand-picked these cases; I took them all from one parish. Others are just as bad. I am putting the whole docket before the minister, but before doing so I will keep it for two or three days, and I shall be pleased to show these returns to any hon. member in order to prove that nothing has been exaggerated.

In conclusion I ask the minister to take all possible means of checking abuses in the distribution of relief. Personally I am not in favour of direct relief, but in conditions of emergency, to prevent men, women and children from dying of hunger, the only thing to do is to assist them until better times arrive.

The suggestion made the other day by the hon. member for Grey-Bruce (Miss Macphail) was a timely one, namely, to put farmers on good lands. A proper policy of colonization is very simple. First, the settler shall be selected, the land shall be selected, and people shall be put only on good farming lands, and also there should be good roads to reach their farms. Where a settler has no experience in farming he should be located between two experienced farmers, who will serve like two crutches to help him to stand up and face his country life and profit by their knowledge.

I thank all members of the committee for their kind attention, which is appreciated. I hope that action will be taken to the end that if we pay money to the Quebec government for distribution of relief the money shall reach the settler first. Also, the attention of the Quebec government should be drawn to the fact that Laforce is responsible for all the miseries of these good people and that he should not remain any longer as deputy head of the provincial department of colonization. Then, if possible, settlers who have been placed on rocky soil should be transferred to good lands, lands with good timber on them. Everyone must remember the experience of the old pioneers, who had no direct relief but who had timber on their lots and therefore did not need any relief; they had timber with which to build a house, a little stable, a shed and so forth, and in winter they could make a little money by selling wood off their lot. At the present time many farmers are handicapped not only by rocky soil but by a total absence of merchantable timber. That is an absurd condition, for, as the hon. member for Grey-Bruce has said, there are plenty of suitable unoccupied lands throughout the country, and the right policy is to bring those settlers from their unfertile lands to good lands where they can live properly and bring up their families in the comfort which they have the right to enjoy.

Mr. J. H. BLACKMORE (Lethbridge): I have listened with great attention to the remarks of the hon. member for Témiscouata (Mr. Pouliot), and I trust that during the few moments which I shall occupy I may enjoy the same measure of attention of hon. members that was given to him. I am going to offer once more what I consider to be a solution of the difficulties in which we are placed. I wish to talk very earnestly to the minister, and if only he and I talk this over I shall be quite satisfied.

There is a great danger that people will get to think that our troubles are clearing up. I believe that every member of this committee must realize that our troubles are not going to clear up. They will be improved, perhaps, by higher prices, but we are faced with a condition in which unemployment is here to stay. The hon. member for Témiscouata has been telling us of difficulties. Within the next few years there will be numbers of members who will rise in this house and tell of terrible difficulties which they can find no way of explaining.

May I draw to the minister's attention what has been taking place across the line, and which, I think, is fairly good evidence of what is going on here in a smaller way. He probably is fully aware of these things, but perhaps because of the anxieties of his office he has not had them drawn to his attention; for I know the minister is an exceedingly busy man, and very conscientious, and the commendation he received a few moments ago was not undeserved.

I noticed, in an article which appeared in the Saturday Evening Post on April 3, 1937, a statement to the effect that the United States will have during 1937 unemployed to the number of six and a half to seven and a half millions, even if the 1929 levels should return. I do not believe that very many members of this committee anticipate the return of prosperity greater than that which obtained in this land in 1929; consequently we can expect in Canada a condition somewhat similar to that which will exist during

1937 in the United States, even though conditions improve to the 1929 level; and, according to this article, there will be eating the bread of unemployment in the United States twenty-five million people. That means one-fifth of the total population of the United States. Now, this is an exceedingly sobering consideration for every member of this committee.

Again, we find in the Saturday Evening Post of February 6, at page 22, evidence that goes to show that despite the extraordinary business recovery in the United States the employment of workers in private industry improved between October, 1935, and October, 1936, only 6·3 per cent, which indicates that not only in the agricultural areas will there be distress but in the industrial centres even when people are employed to the highest degree possible and where recovery is established. This I consider an extremely serious matter, for it probably shows what is happening in Canada as well. The Christian Science Monitor of March 29, at page 1, gives some interesting information. In the United States there is what is known as a works progress administration which is investigating conditions there. This organization has been working for fifteen months investigating 650 manufacturing plants as well as agriculture, mining, construction and transportation. At the end of that time it has reported to the United States that since 1929 so many people have been thrown out of employment by the development of machines —that is to say, they have become technologically unemployed—that in order to get back to work as many people proportionately as there were at work in 1929 it will be necessary for the United States to increase production twenty per cent. The question immediately arises: If that country does increase production twenty per cent where will it sell the goods? A similar condition also faces us.

In other words, Mr. Chairman, we are facing a situation the like of which has never faced any people on this earth in all its history. To argue therefore from what has taken place in previous depressions that the same thing will happen in this depression is, I believe, simply to delude ourselves. It gives me great alarm for fear we shall spend too much time hoping that things will work out when I feel confident that they will not do so without a change of system. We are something like an army living in a land which once was fertile but has now fallen upon bad times. There is a tendency to dry up, so to speak. This army is standing at cross-roads. Two roads branch off. One of these roads has three branches, one of which leads into an ocean, one into a morass, and one to a cliff over which we can be precipitated into a roaring torrent. The other road leads up over mountainous country to a plateau. It is difficult to travel but it offers a way out. Along the other road there is no way out, and that other road, that road from which there is no way out, is the road along which we are now travelling, when we try to make a system work that cannot work. The path up the hill to the higher plateau is the system of the newer economics.

There are many people who may laugh at the new economics to-day, but there will be very few ten years from now. I am going to suggest once more, that the solution, the way out up the hill to the higher plateau, is the system of social credit. It is not a panacea, not an easy way out, but it is a way out, while no other system offers a way out at all.

Since coming here we have not talked very much about social credit, mainly because people have been so much prejudiced against it that they will not listen long enough to realize what it is. Consequently we have advocated here and there only certain principles of it. I propose to set before this committee now, briefly, an outline of what social credit is, and how it will solve the difficulties if we adopt it as a perhaps difficult but a possible way out.

Social credit proposes first of all that there shall be national purchasing power which will work as money. This purchasing power is based directly upon the goods and services which the country is producing, which it now has and which it can produce with the equipment it now possesses. Many people and many newspapers throughout the country have said that we have advocated the making of tickets without reference to goods and services. That is a major fallacy; we do not propose that. What we say is this: You have the goods and services now in superabundance; you have industrial equipment such as no other nation on earth has to-day; you can produce faster per capita in America—and I propose to bring evidence to prove this—than any other nation, and you are therefore justified in creating a great many tickets before you will have enough tickets to correspond to the goods and services that can be produced at your present productive capacity. We say, therefore, that you must create purchasing power nationally, and you will do this to finance public works and new industries, to increase production, to take care of policing and defence expenses, to take care of social services such as state medicine, pensions for the blind and the aged, motherhood, relief from drought and so on.

Every member of this committee realizes, I know, that these things must be done; yet every member recognizes that we do not know where to find the money to finance them. There is not a heart in this chamber that was not touched by the stories which the hon. member for Témiscouata told us, and there is hardly a member who could not match them with stories just as sad. But you say, What can we do? I say, yes, that is the question. What can we do under the present system where every dollar we spend we must either borrow or secure from the people in taxation? We can do nothing. That is the pathetic part of it. A country as rich as this can do nothing. It is monstrous; it is unthinkable.

We social crediters say, therefore, that we must create purchasing power based upon the goods and services which we have and which we can produce, and then the more goods and services we can produce the more purchasing power we can have. After creating that purchasing power, social credit says that there must be a national dividend guaranteeing to every man, woman and child in the country food, clothing and shelter. This device will take care of the unemployed who are unavoidably unemployed. It will supplement the low incomes which at present the vast majority of the people receive and with which it is impossible for them to maintain a family at a decent standard of living. Besides that it will develop markets so that the industries we have will be able to sell their products. If you could put $40 a month into the hands of the families to whom the hon. member for Témiscouata was referring they would be of interest immediately to the manufacturers throughout this land; they would be potential buyers. They are not so now. And the industries lack markets while those people suffer want. Social credit says that the first thing the governments of any country to-day must do is to take care of their needy and develop their home markets; then their foreign markets will take care of themselves. Now that, I grant, is an utterly new conception. But have we not had sufficient proof here that we must have a new conception to deal with the situation which confronts us?

The third principle of social credit is what is called the just price.

Mr. ROGERS: Will my hon. friend permit one question on the last point? Does he contend that if you increase the issue of paper purchasing power indefinitely you will at the same time get an indefinite increase or a proportionate increase in the goods and services produced in the community?

Mr. BLACKMORE: The question is a very sound and wise one. The answer is yes, to a surprising degree, as I shall show as I go on. I shall show that great authorities such as Professor G. D. H. Cole are of that opinion. Of course I would not say that the word "indefinite" should be used.

Mr. ROGERS: Well, I would not press that word.

Mr. BLACKMORE: But they will increase within reason. Money must be issued scientifically with an eye strictly on the facts of the situation. But granting that, a tremendous increase of purchasing power can be made and will result in additional production. I trust I have answered the minister's question satisfactorily. I shall be delighted to answer any question which any hon. member desires to ask me, for if this thing is false I want to know it and we all want to know it, but if it is true and sound then it is a matter which should engage our serious attention.

The just price, scientifically designed, not based on a hit or miss system, has two main applications. The first is a mechanism to allow the producer his cost of production plus a reasonable profit. Granted that the cost of production in various parts of the country is different, there would have to be an average struck. But certain it is that it is possible to arrive at the average cost of production, say for wheat, or for shoes or textiles or virtually anything. It is possible then to arrive at what should be a reasonable profit. Shall it be four per cent? A reasonable profit. The social credit principle of the just price allows for the cost of production plus a reasonable profit. Manifestly if a man is trying to produce under conditions which prevent his producing so that he can sell in competition with others who can do it much more cheaply, then that man will go out of business, as he does now. But there should be a price which will guarantee the average cost of production plus a profit, otherwise business cannot carry on. Everyone knows that.

The second application of the just price is one which people do not ordinarily understand. It is called the compensated price. It is a device whereby the government will lower the price to the consumer by paying a percentage of the retail price of an article as the retailer receives that price over the counter. It is another device by which the purchasing power of the people is increased. I have not time to go into this matter in detail.

These two aspects of the just price will prevent inflation. There are several reasons for

that. You cannot have inflation without a rise in price. If you have determined a just price there will be no rise in the price. Furthermore you cannot have inflation unless money in circulation increases beyond the amount of goods and services available. Consequently if money is allowed as a compensation of the price, clearly that money is directly in proportion to the goods and services as they appear and go into consumption. The two devices together will prevent inflation, notwithstanding the increase in purchasing power.

May I earnestly bring to the minister's attention the fact that some very eminent men are coming to believe in the principles of social credit. I mention first Professor R. F. Irvine, for twenty-five years an orthodox professor of economics at Sydney university. Professor Irvine has recently published an article called Afterthoughts. In that article he uses these words, astonishing from an orthodox professor of economics, words to which every hon. member of this committee must give close attention if he is going to be other than reckless:

> I believe that the principles put forward by C. H. Douglas are not only sound, but that they provide the only practical way of escape from the tragic fate which otherwise awaits the whole of western civilization. The reason that most economists have scouted the Douglas diagnosis is that it calls in question the most fundamental doctrines of the classical school, and the later schools which have grown out of it. The doctrine asserts that "supply creates its own demand."

Mr. ROGERS: Does he say anything about the Douglas prognosis?

Mr. BLACKMORE: Not in that article, but he discusses it in books which can be obtained. I should be glad to discuss the matter with the minister in general terms; I can not here go into complete detail.

Another man who must be recognized as not being altogether foolish is Premier Savage of our sister state of New Zealand. Here are some words which Premier Savage uttered recently:

> The government has been accused of having some sort of arrangement with the Douglas credit organization. What are the social crediters trying to do? They are trying to get for the people the things that the people produce, and who is better entitled to the things that they produce? There is room for difference of opinion as to methods, but there can be no room for difference of opinion in this; that unless the buying power of the people is sufficient to equate production we will never get out of the mudhole left by the last government. Unless the buying power is increased with increased production, what is the use of increasing production?

May I interpose a word to point out that that is the situation confronting the United States? If we cannot, they say, enable our people to buy the production that we are now turning into the market, what is the use of increasing that production twenty per cent?

Mr. WOODSWORTH: May I suggest that that point of view is not limited to social credit.

Mr. BLACKMORE: Very good. We are not maintaining that the social credit people are the only ones who are seeing the light. My contention all through this speech is that eminent authorities throughout the world are coming to recognize that social credit principles show the only way out of the situation. Some of them have one of the social credit ideas and some another. The point is this: Social credit involves these principles.

Mr. WOODSWORTH: I suggest that the converse is not quite true; these principles do not necessarily involve social credit.

Mr. BLACKMORE: I shall be glad to deal with my hon. friend after I have finished with my speech. I have rather a long one to make, and I think all the material should be placed before the committee so I am going forward with it. I can say, however, that no social crediter since we have come here has taken the attitude that everyone else is wrong or that we should have no sympathy toward anyone else or that we should not cooperate. We are earnestly endeavouring to deal with the conditions as we find them, and we are trying to cooperate in every possible way with those who are attempting to discover a solution. Let me continue with this quotation:

> Unless the people are prepared to pay a full economic price for New Zealand's total production, we will never get out of the difficulties we are in to-day. Curiosly enough, people who call themselves statesmen will discuss any subject but that, and that is a subject worth discussing.

It has been a doleful thing to us to sit in this house and watch what has gone on. We have discussed everything but a solution of the difficulty; from a real solution we shy clear, apparently thinking that must not be at all interesting.

The various principles of social credit are rapidly gaining recognition. Let me bring to the attention of the committee some quotations. That we are in an age of plenty and of unemployment is well indicated in this quotation from Howard Scott. Many things are said with regard to the technocrats be-

cause they are rather extreme in some cases, but that does not mean they may not have discovered a great deal of truth. At page 28 of his Introduction to Technocracy, published in 1933, Howard Scott says:

> But by the application of technology we now have reached the point where more goods are produced by increasing the total amount of energy consumed and decreasing the energy per unit produced and the process automatically results in a decrease of the amount of human labour required.
>
> It follows that under our present system if technology is extended into more fields of social activity, the rate of production tends to outstrip the rate of population growth and the rate of possible consumption growth, causing simultaneously an ever-increasing unemployment. This process is observable over the period of the last thirty years in every industry for which statistics are available and this includes every major industry on the North American continent.

Here is another statement, and this time I draw from Sir Arthur Salter, whom everyone must recognize as at least an honest thinker. This is from his recent book, World Trade and Its Future, published in 1936. I quote from page 70:

> Incidentally it may be noted in connection with this figure that the United States Bureau of Agriculture has estimated that the United States can provide within its own boundaries food for a population of three hundred millions without any further improvement in the technical processes of food production.

The question arises: If they can do it why do they not do it? Here is another quotation in which I believe the minister will be interested. I have culled it from a speech given by Robert Cromie, at that time editor of the Vancouver Sun, before the Engineering Institute, at a board of trade luncheon in Vancouver, Wednesday, January 18, 1933. Here are some of his words:

> How the world does things industrially can be visioned by the machinery it uses. Here is that world picture:

Before I proceed may I direct the attention of hon. members of this committee to the fact that this picture shows why the United States and Canada are going to be more troubled with unemployment than any other nation on earth.

> Canada and the United States use about $23.60 worth of machinery per individual; England, about $11; Germany next with $9; agricultural France about $5; in Russia the figure would be about 60 cents; and China not over 40 cents per individual.

A moment's reflection upon these figures, Mr. Chairman, will show hon. members why Russia, for example, can find work for all her people. It will be noted that Russia has only 60 cents worth of machinery per individual, while we have $23.60 worth. Is it not abundantly manifest that we are bound to have unemployment, though at the same time we have the machinery with which to produce so much more of everything that human beings can need?

Mr. WOOD: Is that in relation to agricultural production?

Mr. BLACKMORE: No, as I understand it this is for all production.

Mr. WOOD: Was not the figure quoted for Germany rather small?

Mr. BLACKMORE: No, the figure for Germany was $9. I am sorry if I did not make it clear.

So much for that principle of social credit. It is one of the fundamentals of the social credit idea that you have more goods now than you have money to distribute, and you can produce more goods and services than you have money to distribute. Therefore you must increase your money, and you can increase that money to the extent to which you can distribute your goods, so you see the fundamental idea is corroborated by these authorities.

The next principle underlying social credit is that the abundance of goods and services actual and potential is the real basis of money. What is physically possible is financially possible. I am going to direct the attention of hon. members and of the minister in particular to a speech delivered by Hitler, appearing in The Christian Science Monitor of January 30, 1937, at page 5. Just a few words will serve to show the lines along which Hitler is thinking. We do not agree with Hitler, but beyond all question he is doing things, and so are the Germans. How are they doing them; where are they getting the money? That is indicated to some extent in this speech:

> This working power is the real basis of all wealth. For the nation does not live from the fictitious value of money but rather from the actual production through which money itself gets value. This production is the real basis of our currency and not a bank or treasury full of gold.

Despite the reservations we may make with respect to Hitler's ideas, I believe he has discovered something which we have neglected.

Another fundamental principle of social credit is that you must distribute purchasing power and thereby increase production. This will answer the minister's question as to whether or not production would be increased by increasing purchasing power. Let me read what G. D. H. Cole has to say about this.

Mr. ISNOR: Just before the hon. gentleman leaves that point in regard to the cost of

production I should like to ask a question. If I remember rightly, he quoted a figure of $23.60 per person in connection with the use of machinery in Canada, as against $9 in Germany. What is his point? Is the difference due to mass production?

Mr. BLACKMORE: No, the point is that you can produce a great deal more per capita, and you will require less human labour. The result is that with increased production you will unavoidably have more unemployment.

Mr. ISNOR: Then you say that the population of a country does not enter into the cost of production at all?

Mr. BLACKMORE: That is a point which we ought to discuss in greater detail at some other time, because the question cannot be answered by yes or no. It is likely to bring difficulties. The principle I am laying down is perfectly sound, namely that our ability to produce in Canada and in the United States is greater than that of any other country. At the same time we are going to have that production with much less human work.

Mr. ISNOR: If our production in Canada were greater, would the figure of $23.60 be reduced?

Mr. BLACKMORE: No, that has nothing to do with it. This has nothing to do with cost; it is the amount of machinery per capita. This is the amount of machinery the country possesses, per capita—the ploughs, the combines, and so on, making the country potentially richer and able to produce more. The hon. member sees that, does he not?

Mr. ISNOR: No, but I am trying to learn. The hon. member asks us to study his problem. I am trying to arrive at his reason for using those figures in connection with production. He states, does he, that if we had more production the cost figure of $23.60 would not be lessened so far as Canada is concerned? My understanding has always been that the greater the production the less the overhead.

Mr. BLACKMORE: I am sorry that again the hon. member and I are not on the same ground. I am attempting to point out the amount of machinery we have per capita; it is not the cost of production at all. Manifestly, if a man on his farm has to work his ground with shovels or cheap machinery he is at a tremendous disadvantage when in competition with a man operating a tractor and other full modern equipment—ploughs, harrows and that sort of thing. So that the people who are equipped with more machinery are more ready and better qualified to produce more. But whether they can produce it more cheaply is another matter.

My time is virtually over, I am afraid, and I shall have to pass to another matter; questions have taken up a great deal of my time. The minister asked whether by increasing the purchasing power we increase production. That is dealt with very well by Professor G. D. H. Cole in Principles of Economic Planning, published in 1935, and particularly at page 217. By the way may I add that Cole is university reader in economics at Oxford, and a prominent man in British economic thinking. He used these words:

> Despite these and many other reactions which the reader can work out for himself, it does seem to me undeniable that the state, by creating new money without thereby creating new debt, can come near to bringing about the full use of the available productive resources and can, by recurrent infusions of additional money, keep these resources in use.

Recalling the machinery to which I referred a moment ago, we can see that only by new money can we keep the machinery functioning. The curse of our country is that we have so much machinery we can use only very little of it. Manifestly a very unsound condition is brought about by that fact. Here is another quotation from page 208 of Mr. Cole's book:

> Let the state, it is urged, create more consuming power, and more production will speedily follow. I do not dispute this. I agree that, if the state makes a present of new money to consumers—not a credit advance, repayable later on, but a present—the effect will be to stimulate additional production;—

—which is significant in our case, and extremely important as it pertains to the social credit contention.

Mr. ROGERS: Provided your consumer goes on being a producer.

Mr. BLACKMORE: Yes, and provided he can go on being a consumer. The state should create more money. I have quotations which I shall not take time to read, because as most of my time has expired the chairman will be calling me to order in a minute or two. May I direct the attention of the committee to the fact, however, that Professor Cole, Irving Fisher, and Paul H. Douglas, professor of economics at the university of Chicago, are authorities for the declaration that the state creation of money is sound. In addition to that I have the fact that the state creation of money will not necessarily cause inflation when there are plenty of goods and services actually and potentially. To back that statement I have quotations from Cole and John Maynard Keynes.

The proposal to pay a dividend is sound. In support of that contention I have as authorities no less than Cole, Paul H. Douglas and Irving Fisher.

The belief that the Douglas just-price proposal will rescue from economic disaster both producers and consumers and will, at the same time, prevent inflation is also finding favour in the sight of prominent men.

I have quotations here from R. F. Irvine, professor of economics at Sydney university, Australia, indicating that state money can be so managed that it will not cause inflation.

In conclusion, if I may have a minute or two more, may I say that remembering the ghastly signs of breakdown everywhere in evidence both in Canada and in the United States, and remembering the unprecedented increase in production, both actual and potential, and at the same time the abounding resources of Canada, who can escape the conclusion that since 1900, and especially since 1920, Canada has emerged from an age of scarcity into an age of abundance? With an impartial eye upon the amazing development of the machine, anyone must confess that unemployment would certainly seem to be here to stay, and even to increase. It must appear obvious, then, to any well informed and considerate observer, that there must be developed a new system of economics, one that will enable the government to get much more money without either greater debt or greater taxation, one that will enable the government to increase directly the amount of money in consumers' hands, one that will enable the government to exercise effective control over Canadian internal prices. I urge therefore upon the Minister of Labour and the government that they at once set about the task of introducing into Canada the principles of the new economics. They will find those principles embodied in the economic system commonly called social credit. Far and dangerously too long have British peoples been watching with worshipping eyes the setting sun. Let us turn our eyes now to the sunrise.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): May I say a few words with regard to what has been said by the hon. member (Mr. Blackmore) who has just spoken. I think I can agree with him when he says that we have in this country abundant natural resources and abundant equipment for developing them. Further than that, undoubtedly we have the labour available, both skilled and unskilled, for the development of those resources. Further, I think the hon. member is correct in urging that under our present system greater purchasing power is essential. The question is how can this greater purchasing power be placed in the hands of the people. Here is where I think I would have to differ from the hon. member. I do not propose at this late stage in the session to set forth the principles of socialism as contrasted with those to which we have just listened. We believe in the government controlling not merely the issuance of money but the actual resources and equipment of our great industries. When that is done, we contend we will find a solution.

Leaving that aside for the moment, I urge that even under our existing system we should have a work and wages program. I am going to speak for the moment in terms of the existing system, and hence in terms that will be considered to be very practicable. When I advance this proposal I realize that the minister will say immediately that we cannot afford a work and wages program. I think that was practically the attitude that he took last session. I do not think that is a tenable position.

Mr. ROGERS: I meant to say that we could not afford its ultimate consequences.

Mr. WOODSWORTH: May I suggest that on the other hand we can not afford not to have it. We are dealing with the unemployed in a cheese-paring way. For example, we have had a farm scheme in the western provinces under which the farmer was paid $5 and the government paid $5 to the worker, or if he stayed until the spring $7.50 a month. Personally I think that for a certain class of unemployed that scheme is preferable to allowing them to roam the cities, as they are doing in this province. However, that wage is not at all adequate. It would prove more satisfactory, both to the worker and to the farmer, if it were raised to $10 or $15 a month. The farmer would then be able to get better service than he can possibly expect to get to-day. The amount of money involved in such a program would not beggar this country. It is quite possible for us to raise that amount of money.

I had hoped to refer in greater detail to a particular suggestion I had in mind, but I shall outline it briefly. I have in mind the possibilities of greater taxation on our mining properties. According to the Montreal Standard of March 13, the production of gold, nickel and copper for 1936 in Canada was as follows:

Gold	$ 76,910,000
Nickel	43,471,000
Copper	38,665,000

and the total mineral pr duction amounted to $256,335,000.

Very large profits are being made out of our mineral production, and these profits are largely going into private hands. A certain amount comes to the government in the form of taxation, but I submit it is not enough. I see the Minister of Finance (Mr. Dunning) has just entered the chamber. May I suggest that in his budget proposals he is busy in picking up coppers instead of the ten-dollar bills that are lying around ready to be picked up if he would only change his policy.

Mr. DUNNING: And do what?

Mr. WOODSWORTH: We were speaking of the revenue that might be obtained by taxation of our mineral properties. I was looking at the figures the other day for South Africa, and they are startling. I had not an opportunity to give these to the house during the budget debate, as there was no change in taxation. I do not want to go into the detail, but I would point out that in South Africa the mines are taxed from 15 to 50 per cent of their production, according to the richness of the ore.

Mr. BENNETT: This government promised that they would not impose any special taxation against the mines.

Mr. WOODSWORTH: When did they promise that?

Mr. BENNETT: In the budget speech.

Mr. WOODSWORTH: They can change their policy, and I think they should.

Mr. DUNNING: My hon. friend must not forget that there is also a provincial tax in this country which does not apply in South Africa.

Mr. WOODSWORTH: I know that.

Mr. DUNNING: And the provinces own the minerals.

Mr. WOODSWORTH: I know they do, but this government has the right to tax the profits.

Mr. DUNNING: We do tax them 15 per cent.

Mr. WOODSWORTH: If we followed the example of South Africa the richer mines would be taxed 50 per cent.

Mr. DUNNING: I do not think the leader of the opposition would follow you quite that far.

Mr. BENNETT: I said the government promised they would not.

Mr. WOODSWORTH: I am just suggesting sources of revenue. Perhaps it might be worth two or three minutes to put the following figures on the record:

Company's fiscal year ending	Gross value of bullion produced	Total taxes paid or provided for federal, provincial, municipal and bullion tax	Net profit for company's fiscal year
Hollinger, Dec. 31, 1936..	$14,530,414	$1,040,671	$5,449,638
Dome, Dec. 31, 1936..	7,315,168	821,216	4,144,061
McIntyre, March 31, 1936..	8,099,839	739,651	3,582,912
Lake Shore, June 30, 1936..	16,361,530	1,691,103	9,675,401
Wright-Hargreaves, Aug. 31, 1936	7,595,231	775,378	3,943,309
Teck-Hughes, Aug. 31, 1936.. ..	4,777,666	443,229	2,423,360

During the four years 1933 to 1936 the Canadian tax for the Hollinger mine was $4,697,647. If the maximum South African tax had been applied it would have been $11,096,958, or an increase of $6,389,311.

Mr. DUNNING: Is my hon. friend including the provincial taxes in this comparison?

Mr. WOODSWORTH: Yes, these include all taxes, federal and provincial. The total difference in the six mining properties that I have mentioned would have been $32,893,152. These are astounding figures; a friend did the computations for me, and I believe the figures are correct—at least I hope so. I am not suggesting that we should charge so much as South Africa does; I am just pointing to these mining properties and observing that if we were really in earnest about this matter, and adopted policies similar to those which have been adopted elsewhere, we should have a very much larger revenue than we have at the present time.

Mr. DUNNING: My hon. friend is not forgetting that we tax the shareholders on the dividends received.

Mr. WOODSWORTH: These are the total taxes—the corporation taxes.

Mr. DUNNING: We then get the shareholders.

Mr. BENNETT: The shareholder used to get fifty per cent leeway for depletion, but now he gets twenty-five per cent.

Mr. WOODSWORTH: As far as that depletion is concerned, it has always seemed to me that at the end of the period represented by all the allowances for depreciation the country should take over the mines, because presumably they are then wholly depleted. As to the revenue in South Africa, here is a note taken from the annual report of the government mining engineer of the Union of South Africa for the calendar year ended December 31, 1935:

> Since South Africa's departure from the gold standard, the union government has received directly from the gold mining companies operating on the Witswatersrand no less than £42,830,000 (excluding contributions in respect of the year 1936, which are not yet computable, but which will certainly maintain the average of the preceding three years). The state's revenue from the mining industry in the year 1932 amounted to only £4,312,500; so that it will be apparent that the departure from the gold standard has resulted in an increase in the state's revenue therefrom of not less than £10,000,000 per annum.

Sometimes we in this corner are asked for constructive suggestions. I am suggesting that there are possibilities of raising additional revenues in this country which the government have not yet explored, or if they have explored, have not yet acted upon.

I come back now to the item under consideration. I suggest to the Minister of Labour that the additional cost of adopting a work and wages program for the unemployed is not, as I think the minister is inclined to suppose, impossible. It is quite feasible that in this country we should take care of the unemployed, not by some species of dole, but rather by employing them on constructive works and paying them decent wages. I take the ground in theory, and I believe a majority of hon. members will agree with me, that we should regard the resources of this great country as essentially for the benefit of the whole of the people of Canada. Hitherto we have farmed out certain resources, giving them over to exploitation by certain companies; that in the past has been considered the way to do things. Well, if that is the correct policy the least that we can do is to insist that the great profits or a proportion of them which are being made by some of these companies shall be taken back to supply the needs of the people. Consider these very gold companies and other mining properties of which we are speaking. For their development they have relied very largely upon the great body of unskilled labour. If a property went ahead, some of those men might continue to be employed; if not they were turned loose. It seems to me that this house should say to those who to-day so largely control our natural resources and our big factories that it is for them to help in the time of distress—and the period of distress is not over for a great many of these people—and to provide a means whereby these people can support themselves decently.

Over the week-end I was at one of the smaller centres—

Mr. DUNNING: Before the hon. member leaves the mines, he is probably aware that the provinces concerned in mining matters, notably Ontario and Quebec, have at two successive dominion-provincial meetings requested the dominion to lessen its taxation in order to permit the provinces to impose more, for the reason that they were convinced that the industry, considered as a whole, could not bear more taxes. I give that just by way of information, not as argument, in order to illustrate the difficulties of a divided jurisdiction when the minerals are owned by the provinces.

Mr. WOODSWORTH: I am not talking about the ownership of the minerals. All along, as I think the minister will recognize, I have been talking about the profits that have been made.

Mr. DUNNING: But the argument of the provinces is that we should get out of the way and let them tax their own resources.

Mr. WOODSWORTH: That may be, but I would point out that the profits in the case of these few mines which I enumerated are sufficient to enable a much higher rate of taxation than prevails at present.

Mr. DUNNING: The provinces do not think so.

Mr. WOODSWORTH: That may be. But it is being imposed elsewhere. In the meantime the unemployed remain a responsibility. We do not know quite where the limit of the responsibility is. It is certain that many of those who are unemployed were greatly needed all over the country a few years ago to develop our resources, and now they are thrown out through no fault of their own.

A moment ago, when the minister interrupted, I was about to say that over the week-end I happened to be in one of the smaller manufacturing cities of this province and I found that there were some hundreds of men who were systematically going in a group to each of the factories. At each they were refused work; there was in reality no work for them to do. They had even secured written statements from the managers of all the factories that there was not work in that city. That situation is more or less typical of the country generally. What are these men

to do? Some hundreds of them are living in a small city where there is no work in the factories, although in that particular city there is more industrial activity than in most of our urban centres. What are the men to do, and what are we to do with this class of people? I suggest to the minister that the only decent solution would be to arrange that these men be given work for which they are fitted—there is plenty of work to be done in this country—and at proper wages. That would solve the immediate problems of the men and their families. and a great deal would be done to supply this country with facilities which we need and which will be needed by our children after us. Canada is not very highly developed; there is plenty of work yet to be done. I am not suggesting that such work must take the form of post offices or armouries or docks; there are a great many other works to be undertaken and services to be provided. As somebody remarked the other day. there are educational facilities to be provided. school houses that should be built and towards the construction of which we could give assistance.

For those who are arriving at a working age—I have mentioned this privately to the minister, and I know he is not unsympathetic, though the suggestion has not yet been included in the government's program—there is the question of more technical training for our young people. In the past we have relied to a very considerable extent for our skilled artisans upon importations from abroad. In recent years immigration has largely ceased, and we are beginning to feel the need of skilled craftsmen. About twenty-five years ago I served on a provincial government commission on technical training, and we found in those days that in the more skilled industries it was the immigrants who were being employed—very largely Scotch and English immigrants. The children of these immigrants are not anything like equal in skill to their fathers. Although we have provided technical education to a limited degree we have not given practical technical training. I cannot see why these boys and girls could not be held in school for a year or two longer—we might hope that in another year or two the labour market would be less congested—even if we had to give them free tuition; and at the end of that time they would be better equipped to go out and do the work that will soon have to be done in Canada if we are to keep pace with the more progressive countries of the world.

There are many ways in which a constructive program may be worked out. I urge that until the government very definitely assumes

responsibility and just as definitely adopts a constructive program we are not going to get anywhere; we are going to drift. This brings me back to what the minister said a few minutes ago, that we could hardly afford the consequences which might result from a work and wages program. I suggest to him that we cannot afford the consequences that are going to result from the policy of drift which we have followed. We cannot afford to tolerate this policy. To-day in our cities families are huddled together in apartments, a family to a room. You have only to read the reports as they come from Toronto, from the province of Quebec, from Winnipeg, and from almost all of the larger cities—not biased or narrow reports but reports like that submitted by the lieutenant-governor of Ontario on housing conditions. There is no doubt there are wretched housing conditions and a great many municipalities to-day cannot afford to undertake a housing program. What are the practical results? Families huddled together, disease developing, immorality and demoralization of the home life, and such discouragement of the individual that we cannot hope that this generation will take the places that their fathers have filled. In view of such conditions this country cannot afford, for the sake of a few dollars or a few million dollars, to let this kind of policy go on very much longer.

The question of crime comes up. We can get additional estimates, if necessary, for increasing the police; we can get increased estimates for building bigger and better penitentiaries. That may be all very well, but surely it is better to use these tens or hundreds of thousands of dollars to prevent these boys and girls from entering upon a criminal career. If we go on as we are now without providing for them real work at a remuneration that will encourage them to go forward I am sure we shall have to go in for a great deal more extensive, repressive measures than we have done in the past.

I do not know what more I can say. I wish that never again I had to talk on this subject in the house. For years and years it has seemed as if certain of us have had to come here and represent, or try to represent the unemployed. All I can do is to sum up matters in a few words. We have the resources in the country, and there is the need for constructive work in many different spheres; is there any reason why we cannot set our unemployed to work? As far as finance is concerned, I am quite sure that the money can be provided, and on the whole it would be a great deal more economical, even if we had to increase taxation, than to permit

this state of affairs to continue until we have to face the inevitable result of these hundreds of thousands of unemployed and their children becoming so demoralized as to threaten the standard of living of those who to-day are at work, and also the welfare of the community at large. I do urge the minister to give us now a definite statement of policy. I hope it will disclose a constructive program for the coming year.

Mr. T. L. CHURCH (Broadview): A year ago when a similar bill was before us I suggested that the minister should adopt the policy which the opposition proposed in 1927 for the alleviation of unemployment and distress in the rural districts. The federal government should get some value for the expenditures it is making. On that occasion I pointed out to the minister the policy that was being followed in the United States. The minister is making agreements with the provinces, and that may be all right; but why should we not have some definite plan such as they have in the United States when money is handed over to a minor government authority for relief purposes? I have here the papers showing some of the agreements with the provinces, and in my opinion there is not a fair distribution of the money that is paid out. I suggest that there should be some standard plan when this government hands money over to the provinces. Let the government stipulate in its agreements with the provinces that a certain proportion of the funds provided shall go to municipal undertakings which will give employment where to-day there is great distress. Let some of the money be spent on rural schools, public buildings, health programs and hospitals. If that were done the object of the bill would be attained, for it would relieve unemployment and alleviate agricultural distress.

I have looked carefully into the votes which the minister has presented to the house, the main estimates and the supplementaries, and I find that the very same places provided for in the main estimates are taken care of in the supplementary and the additional supplementary estimates. Some places get all, and other places none. This policy is absolutely unfair. My own city gets nothing. I do not see the necessity of Toronto paying one cent for a breakwater there. It is a federal responsibility entirely since 1867 because the island itself is the breakwater. This is the first government since confederation that has ever sought to ask the city to pay for a breakwater there, and I suggest that no worse step could have been taken than the agreement in that connection as in all other places breakwaters are paid in full by the federal power. The government is doing nothing to improve matters in connection with level crossings. What does the railway commission say about the condition at Jones avenue? It was said by the railway commission to be the most dangerous level crossing in Canada, in the centre of an industrial district. And we can get nothing. I just ask for fair play. I hope the minister in making these agreements with the provinces will say he is through with the road program. What is the good of $800,000 for roads at White River in northern Ontario in the depth of winter when the cities and towns needed relief works more and when many were starving, and all that money wasted? Let this be an off year for those road votes. Let the money go now for municipal relief works only. The provinces get a cash subsidy; let them go on with that. Last year the municipal institutions got only pin money; this year let us have fair play—equal rights to all and special privileges to none. Let us apply the principles of confederation each for all and all for each in these votes. Let something be done for the municipalities, which are starved for money for public works and cannot put up buildings, although the school children down the province are in portable buildings, not only in the urban centres but in the rural districts.

Mr. G. E. WOOD (Brant): The purpose of this bill is said to be to assist in the alleviation of unemployment and agricultural distress. A great deal has been said about unemployment in industrial centres, but little in regard to agricultural distress. I am inclined to think that Canada's main difficulty is due to agricultural distress, for Canada is largely an agricultural community. Our first care, therefore, should be for that industry for the carrying on of which nature and circumstances have particularly endowed us. I think if we devoted a little more thought and energy to agricultural distress, and relieved the agriculturists of some of their taxes and obligations, the farmers would have more purchasing power to buy the things that should be produced by the unemployed in the cities.

I would say to the hon. member for Lethbridge (Mr. Blackmore) that I have always listened with interest to any outline of this scheme of social credit, but I have to admit that I do not quite understand it. It may be that I have not the ability to comprehend the hon. member's ideas, or it may be that he does not explain them so that I can understand. I do understand this, that wealth is not money but goods; he and I are on common ground as far as that is concerned. He

suggests that the government create money; as a farmer I incline to the view that if money is to be created and handed out by governments I would be reluctant to continue providing food and services for people. I have never been able to see how you can give people something for nothing. It might be done for a time, but it could not be continued. I believe there would be many who would feel as I might if we started to pay a social dividend—I would be inclined to let someone else milk my cows and care for them.

Mr. DOUGLAS: Does the hon. member not think there are people who get something for nothing now?

Mr. WOOD: Yes, I do. I admit there are those who are always looking for something for nothing.

Mr. DOUGLAS: And getting it.

Mr. WOOD: As long as human nature is what it is, there will always be some of those. But the fact that we are giving old age pensions and mothers' allowances and many things, $112,000,000 in Canada for unemployment relief for people in need—it may be through no fault of their own—indicates that down deep in the human breast there is the desire to help the unfortunate.

Mr. BLACKMORE: If the hon. member were receiving $25 a month would he milk his cows in an effort to get more?

Mr. WOOD: I would say yes, for I rather enjoy milking cows and caring for live stock. But I do not think that really has to do with the question.

Mr. BLACKMORE: The point is that this dividend is only for food, clothing, shelter and bare necessities, and people will always work to get something more. That means you run your farm just the same.

Mr. WOOD: All right; I accept the hon. member's view. I think we are again on common ground, that many people work for the enjoyment of it and would far rather be doing something than doing nothing. But everyone who comes into the world and attains maturity has incurred a debt to society. It has been estimated that at twenty-one years of age the average person has cost all the way from $10,000 to $20,000. He is indebted to his parents and to the state for his education and his maintenance and many privileges which he enjoys. Now social credit proposes to pledge his credit by a further $25 a month when he is already in debt. In my view that is going at things in the wrong way. Has anything of any consequence ever been produced except as a result of effort and self-denial?

[Mr. Wood.]

Mr. BLACKMORE: Will my hon. friend permit another question?

Mr. WOOD: Well, I am not a skilled parliamentarian—

Mr. BLACKMORE: Nor am I.

Mr. WOOD: I think the hon. member is trying to put me off my track. I was saying you are then going to increase the obligation of that individual and continue to advance him credit when he is already in debt to society.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. WOOD: Mr. Chairman, when the committee rose for the noon recess I was discussing the theory of social credit, its unsoundness in relation to practical economics, and my belief that it hardly provides a solution to present day problems. As a farmer, representing a class that includes perhaps half the population of the country, I should like to direct attention to what I believe is the difficulty that has created the present state of affairs. The national wealth of Canada produced in 1936 was $4,520,000,000, and of that total production the primary industries, including agriculture, forestry, fisheries, trapping, mining and electric power production, accounted for $1,336,000,000. If we assume that half the population are engaged in the primary industries, which I believe is a fair estimate, it would mean that an amount of $273 per capita went to those engaged in the primary industries, while $547 per capita went to those engaged in the secondary industries.

Canada is an agricultural country, and it seems to me that we would go a long way towards solving our difficulties if we could create some sort of influence that would get more people on the land. Our national wealth is not boundless; it has quite definite limits. Our total national wealth is estimated at between $2,300 and $2,400 per capita. As against this we have federal, provincial and municipal, direct and indirect gross debts totalling $650 per capita. When you deduct that amount from the total wealth per capita it will be seen that, divided into social dividends, our reserve would not last very long, which is another indication that the social credit argument is hardly practicable on a sound economic basis.

As I have indicated, on a per capita basis a person engaged in secondary industry received twice as much of our new wealth as was received by a person engaged in primary industry. The farmer is at the base of our economic structure. The burden of taxation is

shifted from one class of society to another until it can go no further, and as a result the agriculturist has become nothing more than a financial conscript who, in order to retain his position, in self-defence will be forced to protect himself in some way or he will be reduced to peasantry or serfdom. The farmer is the slave of the furrow; profits or no profits, he continues his work in order to feed the various parasites of society, and he is forced also to carry the burden of the helpless mass of half fed and wholly unemployed people. Sometimes I think we farmers have been so busy scratching for a living for ourselves and for the nation that we have not had proper time to think, but if we do not give these questions serious consideration we will meet with disaster and will perish. After all, every dollar of taxation, whether paid by the millionaire, the professional man or even the legalized chiseller, results from the labour of those engaged in the primary industries where the nation's wealth is created.

I should like to direct attention also to the fact that the farmers are the first citizens of the nation. The wealth of the country is founded upon the land; milk, beef and wheat do not grow upon city pavements. The farmer is practically the sole source of life, progress and social regeneration. In many respects the farmer is a socialist; the hon. member for Winnipeg North Centre (Mr. Woodsworth) I think, is quite correct. The farmer cooperates with his fellows in many of the activities of life, particularly at threshing time. That threshing does not end when his crop is harvested, however; he is thrashed into paying all the taxes and all the interest, feeding all the parasites, looking after the unemployed—in fact, into paying the policemen needed to control them—paying all salaries of the civil servants, the judiciary, the army and all those salaried people who tell us how we should carry on, without thinking how much our income has fallen, how mortgages have multiplied and how poor we really are. The farmer's income is so low because the price offered for his goods is the amount that is left after deducting the cost of all these services. With that reduced purchasing power he goes out to buy the things he needs, and even there, concealed in the purchase price of every commodity he buys, he has to contribute to the cost of these services.

A great deal has been said about unemployment, but very little has been said about the forgotten taxpayer. I know that in the rural sections of my own constituency many young men are endeavouring to pay for their farms and raise their little families, but they are assessed a tax to provide for the unemployed. These young men are trying to assume their obligations as Canadian citizens and carry their own burdens. Canada is an agricultural country. Why should we have so many unemployed in the cities while there are so many farms vacant? That is the situation even in the part of the country where I live, located between two great industrial centres where, it has been said, by virtue of the fact that the home market is available, there should be a demand for the products of the farm. The fact of the matter is that in the county of Brant you can buy farms located in the neighbourhood of those great industrial centres for less than the cost of the buildings on the farms. I appreciate what has been said by the hon. member for Winnipeg North Centre with regard to slum clearance, but it does seem very unfortunate that people should prefer to live under slum conditions in the cities, where they enjoy the benefits of special privilege, instead of going out into God's open spaces. I think the solution of our problems rests in giving those on the land a greater reward for the products of their labours, and in unloading from them some of the burdens of society they have been carrying. Every man, I care not what position he holds in life or in what community he lives, should make his contribution toward the preservation of society. About a hundred years ago, when the corn laws were repealed, John Bright said something to this effect: No country, however wealthy it may be, can afford to have quartered upon its resources an element of society that fails to discharge its duties. I believe that is just as true to-day as it was then.

In my opinion, Mr. Chairman, we must be prepared to make personal sacrifices if we are to get along. In many ways I think we have lost the qualities of thrift we once possessed. Some of our friends opposite may distort what we claim to be the meaning of thrift, but after all nothing is accomplished without a certain measure of self-denial. You have to work to produce goods and services before you can obtain money, social dividends or anything else. To-day there seems to be a disposition to regard as a menace to society a man who has been frugal and who has accumulated a little bit of wealth, when as a matter of fact these are the men who have taken life seriously. The reason that has been advanced as to why some men have accumulated wealth is this: Those who through lack of thrift have allowed the opportunity to slip through their fingers are to a large degree responsible for and have contributed to the condition whereby great masses of

wealth are found in a few hands. There is a great deal to be said for that argument. There are people who through no fault of their own are in unfortunate circumstances. They have lost their property because of conditions for which they have not been responsible. At the same time I believe there are people who are wealthy not by choice but because wealth has been thrust upon them. One element of society may be just as responsible as the other for the condition of affairs. After all, so long as Canada is inhabited by ordinary humans we will make mistakes. We always have, and sometimes they prove to be lighthouses on the rocks of disaster which help to prevent us from following a bad example.

I do not believe any government, no matter how capable, can legislate to a point where we shall be prevented from making financial mistakes. The hon. member for Winnipeg North Centre put a very pertinent question to the Minister of Labour, and asked for an answer. Well, that is an easy way out of the difficulty. I believe it would be much better to offer some practical solution.

An hon. MEMBER: He did.

Mr. WOOD: It would be better to offer some workable solution which would produce results. We hear about the many virtues of socialism, but we must ask ourselves if it would work out. I am afraid it would be something like the argument in favour of protection: it sounds good, but it does not work out.

Mr. MacINNIS: Why are you keeping it, then?

Mr. WOOD: Possibly I am as good a socialist as hon. members who are interrupting me. I believe however that there can be a sound application of economic policies which will bring about a satisfactory condition of affairs. Remember this: I may believe in an equal distribution of wealth, but I do not believe in a compulsory distribution of it. I do say that the law which protects man in the enjoyment of his great possessions should first of all see to it that the labour responsible for the creation of wealth should be amply protected. That is my view.

About forty years ago some of our statesmen discussed the possibility of introducing a system whereby thrift would be encouraged. That movement was in connection with the development of the old age annuities. I believe the government should encourage people to plan for their own future. If we want all the privileges enjoyed by the society about which we boast, if we want privileges as a nation, then it is important that we assume responsibilities in connection therewith. Sir Richard Cartwright said in 1907:

> No true Canadian, and no honest workman that I know of, would desire to be dependent on charity, whether of the state or an individual, if only opportunity is given him to make provision for himself by his own energy and self-denial.

Then he went on to say:

> I may add, too, that it is well even for us to remember that in the old times—we have the lesson of history to teach us—the Roman people never lost their liberty till the people were fed by the state.
>
> I have no sympathy with the class of maudlin philanthropists who would reward the idle sensualist at the expense of the honest, frugal and industrious. And if hon. gentlemen think that this is too hard a saying I may remind them that there was once a great saint who was also a great philosopher who lived about two thousand years ago, and who has left his views on the subject on record in the memorable saying, "If a man will not work neither let him eat."

I am inclined to take the view that society has come to the point where deep down in the human breast it would prefer to err on the side of charity. I do not know that I should care to subscribe wholly to what was suggested by that saint, because I should prefer to err on the side of generosity.

Canadians are individualists. They want the right to earn their own livings, and we ought to give them that privilege without hampering them by any system of special privilege. After all, five million capitalists in Canada own over two billion dollars' worth of life insurance. They have an equity in that of $440 per policyholder. In six years we have paid out about a billion dollars of premiums to beneficiaries, and 75 per cent of that was paid to living policyholders. Under the present condition of mind of the Canadian people I believe our friends across the way would do well to associate themselves with an endeavour to help the government develop a policy along sound economic lines, rather than an endeavour to wave a magic wand in an effort to get something for nothing.

There is one suggestion I should like to make to the minister, and it has to do with practical undertakings, namely, reforestation and water conservation. Water conservation schemes have been promoted by the larger industrial centres to protect the health of their people. I believe much thought and attention could be given to that subject, and particularly a consideration of smaller schemes whereby through the preservation of some of the smaller streams bodies of water could be

preserved and, at the proper time, used for stock. These works could be carried out without a great deal of expense. They would offer opportunities to engage labour and would increase the national wealth. Last year my attention was drawn, as a consequence of the dry summer, to many streams which had dried up. Many farmers rely upon those streams and when the water disappeared they were forced to drive their stock many miles. I have in my own mind a stream which irrigates about half of one of the townships in Brant county. I am satisfied that a small expenditure would be sufficient to give the desired results. The road could be used as a dam; could be a proper cement construction to raise the gate and let the waters out, and in that way and at small cost a steady stream of water would be permitted to flow through the township.

When the minister is considering the larger scheme of water conservation I would ask him to direct his attention to the possible development of smaller ones which would serve to water stock and help to prevent disease. We are spending large sums of money through the health of animals branch for the protection of live stock. One farmer may drive his stock to his neighbour's farm, and as a rule the neighbour is generous enough to share his water supply. There is a tendency however to spread disease. There are a number of farmers in my own community whose herds have been infected due to their sharing their water with other herds. I ask the minister to give some consideration to this practical suggestion.

Mr. H. G. CLARKE (Rosedale): Mr. Chairman, I should like to refer briefly to an editorial which appeared in the Toronto Globe and Mail of this morning, referring to a Toronto member who is seeking to have a larger proportion of money spent in the city of Toronto than is spent in the city of Ottawa. This editorial goes on to condemn the member for soliciting a greater amount of money for the larger city. As far as size is concerned, there is no comparison. The matter I referred to was public works expenditures. I stated that the whole of Ontario was receiving a very small amount in comparison to the amount spent in the city of Ottawa.

As we all know, it is these public enterprises that furnish employment. I was making my plea for the city of Toronto on account of the great number of unemployed in that city. Just previous to coming down here this afternoon I interviewed a couple of men who had tried to see the Minister of Labour (Mr. Rogers) with reference to the unemployed of Toronto. They told me they had stated their case but they did not think they would receive much consideration as Toronto was not getting its share of public expenditures. The Toronto Globe and Mail claims to be an independent paper, but apparently it is ready and willing to condemn its own city and the member from that section of the country who makes an appeal for larger expenditures for the unemployed. I think this paper has showed itself to be a party organ in condemning a Conservative member.

There is one further observation I should like to make in connection with the unemployed of Toronto. During the Christmas rush in the post office at Toronto three hundred men were brought in from outside points for temporary employment. I received the names and addresses of these temporary employees only after some considerable time. Toronto was cheated out of employment for three hundred of her unemployed. I think this matter should be considered by the Department of Labour. The different sections of the country should take care of their own unemployed and not send them to other centres. I should like to go into this matter in greater detail at a later time, and possibly I shall do so when the post office estimates are before the committee. I ask the minister seriously to consider this matter and give the Toronto unemployed some consideration.

In conclusion may I say I could speak at much greater length on this subject but I shall not do so because I am desirous of facilitating the business of the house and assisting the government in its desire for an early prorogation.

Mr. T. C. DOUGLAS (Weyburn): Mr. Chairman, I do not intend to take up very much of the time of the committee, but I should like to refer to one or two points covered by this bill. I wish to refer particularly to the statements which have been made by certain hon. gentlemen opposite, particularly the hon. member for Brant (Mr. Wood) and one of the hon. members from New Brunswick, who constantly make reference to the amount of money the poor taxpayer is paying to people who are getting something for nothing. These gentlemen do not tell the taxpayer about the money he is paying for people who get a lot for nothing. For every dollar paid to keep people on relief, several dollars go to the bondholder for interest. He is getting something for nothing. Right across this country there are people at the present time who are making exorbitant profits from the exploitation of our natural resources, and from gambling in the farmers' wheat and in the livelihood of the people of Canada. Millions of dollars are being made and very little service is being received in return.

Like similar legislation which we have had before, this bill again throws upon the municipalities and the provincial governments the responsibility of looking after these unfortunate people in our rural and urban areas. While grants have been provided by the federal government, I should like to point out to the Minister of Labour (Mr. Rogers) that the results of such a policy have been unfortunate in the extreme. We are simply playing a magnificent game of "pass the buck." Again and again I have had occasion to meet provincial and municipal groups, such as councillors, reeves and so on, who are harassed in their endeavours to look after the people in their particular districts. The story is always the same, but one must listen to it with sympathy because it is the truth. They say: "We can do nothing; you must go to the provincial government, because they supply the money. Not only does the provincial government supply the money, but they issue the strictest regulations as to how that money is to be spent and they audit our books to see that the money is spent in the way they specify. While we have complete sympathy with this case which you are bringing to our attention, we can do nothing about it." And if you go to the provincial government the answer is almost identical: "It is true that these people need looking after; it is true that this case is deserving, but the money comes from the federal government, and we are only given so much money and we can spend it in only a certain way, and consequently nothing can be done." Then you come to this house and the Minister of Labour says with a bland and pleasant smile, "But the administration of this thing is entirely in the hands of the provinces and the municipalities, and the only responsibility of the federal government is to provide the grant." Who is responsible? Well, nobody knows; it is the best game of "pig-in-a-poke" that I ever saw played. You play "hide-and-go-seek" across the Dominion of Canada and still you cannot find to whom you should go in a case of absolute need, because the responsibility is not laid at anybody's door in any particular case.

Mr. ROGERS: Will my hon. friend allow me? I should not like to charge him with exaggeration, but is it not true and within his knowledge that there is a joint responsibility in this matter? So far as administration is concerned, administration is a matter for the municipality under the direction of the provincial government, and that is where the administrative responsibility properly should lie. So far as the financial responsibility is concerned, that is divided between the dominion, the province and the municipality.

Mr. DOUGLAS: Yes, but I also remember that the Minister of Labour's leader told us from the public platform and on the radio before the last election that unemployment was a matter of national responsibility.

Mr. ROGERS: Quite: which means, as I take it, that there is an obligation resting upon the various governmental agencies set up within our national constitution, including the dominion, the province, and the municipality.

Mr. DOUGLAS: Which means, summed up, absolutely nothing, in view of the fact that you are taking no direct responsibility but merely indirect responsibility. In order to illustrate to the Minister of Labour exactly what I mean, let me quote from last Saturday's issue of the Regina Leader-Post, from a speech made by Mr. Omer Demers, Liberal member of the legislature for Shellbrook:

> Omer Demers, Liberal member for Shellbrook, speaking in the budget debate in the legislature Friday, demanded an audit of relief expenditures in the drouth area during the past four or five years, and the saddling of drouth relief accounts upon the federal government.
>
> While supporting the government's budget motion, he nevertheless spoke critically of the government policy in several spheres of activity, and called for the refunding of the public debts of the province at lower rates of interest. He was critical, also, of the government's road policy in the north.

I will omit that, because it is not of any great interest to this committee.

> He was critical, too, of the relief policy in the north, describing it as "entirely unsatisfactory."
>
> He favoured a works program to include road projects and drainage schemes. He considered the federal government had not given the measure of cooperation that it should have given to the provincial government. He was glad to learn that the federal government had apparently assumed responsibility for relief in the drouth area, and he believed this would ease the financial situation in the province.
>
> He spoke in favour of having an audit made to determine what proportion of the money spent in the four or five years should be taken care of by the federal government. This, he contended, "would assist a great deal in clearing the picture for us."
>
> He was critical of the suggestion contained in a news dispatch that the federal government was going to pay the province a special subsidy providing the province did not undertake any refunding of its public debt. He was equally critical of the Bank of Canada telling the province that the people "should dig into their pockets for an extra $2,000,000" if they wanted any assistance. He thought the government was

better able to judge whether the people could pay any more taxes. "This is the kind of thing that will drive people from the Liberal party," he said.

Mr. DUPUIS: The report is from what paper?

Mr. DOUGLAS: The Regina Leader-Post. Every hon. member of the committee except the hon. member who asked the question is familiar with this orthodox member of the Sifton press.

Mr. McLEAN (Melfort): That is a smart remark.

Mr. DOUGLAS: I am glad the hon. member for Melfort recognizes it as a smart remark.

Mr. McLEAN (Melfort): Well, we so seldom hear one from the hon. member's corner of the chamber.

Mr. DOUGLAS: A Liberal member, speaking in the Saskatchewan legislature, pointed out that the reason the provincial government has not done what it ought to do is that it has not had the proper cooperation from the federal government. Here in the federal house we are informed that the reason we have not been able to do more is that we would have to work through provincial administrations. Nobody is to blame; everybody is to blame. The buck is passed to the provinces by the municipal authorities, who proceed to pass it on to the federal authorities, who pass it back to the provincial authorities.

May I point out again that the present system of handling relief has resulted not only in a system of passing the buck but also of overlapping and maladministration. I have in my hand schedule A which was included in the drought area relief memorandum of agreement entered into on September 10, 1936. It is an agreement between the dominion government, represented by the Minister of Labour, and the provincial government of Saskatchewan, represented by Hon. R. J. M. Parker, the minister of municipal affairs. I refer to schedule A because it shows the absurd situation which existed last fall in the province of Saskatchewan. At that time we had in circulation three maps of the province: one marked off the drought area and the marginal area and the so-called good areas from the provincial government's point of view; another marked off those areas from the federal government's point of view; a third map marked off those areas with reference to the debt cancellation scheme into which all three governing bodies had entered. These maps were different. Apparently the people who drew them up did not agree as to which areas were drought areas, which were marginal areas, and which were good areas, with the result that in this schedule we find the following: The drought areas were to include the following municipalities: Nos. 1 to 22, 31 to 40, 42 to 52, 66 to 82, 106 to 112, 136 to 142, 166 to 172, 229 to 232, 260 to 262, 289 to 292, 319 to 322, 350 to 353, 380 to 383, 409 to 411 inclusive. But it was found necessary to add, with retroactive effect from September 1, the following: Fillmore, No. 96; Sutton, No. 103; Bushville, No. 348; Grandview, No. 349; Reford, No. 379; Cut Knife, No. 439; Hillsdale, No. 440; Antler, No. 61; Moose Mountain, 63. And there were also added, effective from October 15, Wellington, No. 97, and Turrell, No. 101. Why? Because it was found that the federal map did not conform at all to the realities of the situation. I remember when it was first brought out that the line came half a mile south of the town of Cedoux, Sask., which meant that the people south of the line were to get certain consideration, the people on the north of the line were not. As a matter of fact the people north of the line were in a worse condition than those south of it. In that area were people who had horses and cows and chickens and were without a forkful of feed for them. It was only by making very strong representations to the provincial and federal governments that some adjustments were later made on behalf of these people. Here you have the absurd situation that there are three different maps, each marking out entirely different areas, purporting to show what constitutes the drought area. Because of this lack of centralization a great deal of suffering was entailed until the necessary adjustments were made.

Let us take another example of the results of administering relief through several different bodies. A short time ago I asked the Minister of Labour about the payment of the men who had entered into the farm placement scheme. He told me at that time that he could not give me any information in view of the fact that the matter was being administered by the provincial authorities. Let me say at this point that I know of several men who have not yet been paid. But a majority of the men in Saskatchewan who participated in the farm placement scheme received their December and January cheques, with which to buy winter clothing, on March 18. When the winter is almost over they get money to purchase their winter clothing for use in December and January.

Mr. ROGERS: There was a clothing allowance as well.

Mr. DOUGLAS: They received it, Mr. Chairman, on the 18th day of March, when the winter was almost over, when the need of warm clothing had long passed, and if they had been dependent on the cheques they would never have survived to need any clothing.

Mr. ROGERS: Is my hon. friend speaking of the clothing allowance or the monthly allowance, the wage allowance?

Mr. DOUGLAS: I am speaking of both. I say that they received no cheques until March 18.

Mr. ROGERS: Is the hon. gentleman saying that they received no clothing allowance?

Mr. DOUGLAS: I am saying that they received no money from the government under this scheme until March 18. The result was that either these men were unable to do outdoor work, or they were dependent upon the farmer for whom they were working and who had to make advances to them. I am not so much laying this at the door of the Minister of Labour as pointing out the futulity of trying to do anything of this sort efficiently by operating through a number of organizations that are not directly correlated.

Different members have said a good deal about the demoralizing effect of relief and have suggested that, as one journalist so absurdly puts it, we are simply enabling certain people to live on public sucker No. 1. Well, the federal government, supplying as it does the money to the provinces, must accept responsibility for the way in which the relief is administered. In Saskatchewan last fall a schedule was sent out to the respective municipalities indicating how much a family of a certain size would receive. On the basis of the size of the family that schedule was computed and what was provided was a bare subsistence. But that was not all. There was then sent out a list of deductions stating the amount that was to be deducted from each family, depending upon what they were able to get otherwise. So that the man who milked cows or took the trouble to raise chickens or pigs, or who went out and hand-picked fifty acres to get a little bit of seed together, was faced with certain deductions. When I hear men talk about the demoralizing influence upon people of getting something for nothing I wonder what they can be thinking about this. Here was a direct penalty imposed upon the man who tried to do something to help himself and a direct premium placed upon improvidence, as the system operated in Saskatchewan. Since the federal government is choosing this particular way of taking care of the needy it must accept responsibility for the manner in which the relief is being administered in the province from which I come.

I, for one, do not feel that we, as members of this parliament, can go back to our respective constituencies with a very easy mind; I know I cannot. It seems to me that the sum total of work that we have done since we came here on January 14 has been to increase our own indemnities and get ready to go to a coronation. I protest against the indecent haste with which we are trying to conduct the business of the country in these last few days of the session. It would seem to be far more important to enable a group of gentlemen to get their bags packed to leave for the coronation than to pass legislation providing constructive measures that will assure the people that some effort will be made to bring about proper adjustments in the social system.

I have come across a statement in a paper printed in this city, the Social Forum, published by the Catholic Social Study Conference.

Mr. DUPUIS: Do you believe it?

Mr. DOUGLAS: I believe it. I know the gentleman who edits it. Rev. Father S. Sullivan, a Christian gentleman of high standing. I wonder if my hon. friend believes it—I hope he does; he ought to. I am not going to quote this as something directed to the Minister of Labour; I read it only because it struck me as something touching my own conscience, and I am sure it must affect others:—

> Two Pairs of Shoes.
>
> The heart of every Canadian must thrill with pride at the thought of the coronation gift which will be sent from Canada—a pair of sandals, studded with diamonds and rubies, valued at $16,000.
>
> (It is really bad taste to mention at the same time little Olga's shapeless, almost soleless shoes. Olga, the child of Hungarian immigrants, trudges the Montreal streets in the zero weather, her small, frost-bitten feet half-shod. Her father is unemployed. There are five in the family. It will be six weeks before the next relief clothing allowance will provide shoes; foreigners in Montreal are not eligible for organized charity.)
>
> The $16,000 sandals will be worn perhaps once.
>
> (Two dollars would buy Olga a new pair of shoes. In the meantime she walks half-barefooted in the cold.)
>
> Canadians may well be proud of such a fittingly splendid tribute to a new reign.

Mr. DENTON MASSEY (Greenwood): After the peripatetic discussion we have had on this bill, I am sure the minister will not

object if I return to the bill itself. I do not think I shall be accused of "indecent haste" if I make my remarks as brief as possible.

After perusing the bill I consider it rather an innocuous document, designed to put an air of verisimilitude on what at least approaches a blank cheque. In the special supplementary estimates, we find an item, No. 312, of $19,500,000, being grants in aid to the provinces. I presume that money will be administered under this bill. There are in the main estimates other grants to the provinces. This method of administering relief has certainly proved itself completely unsatisfactory. I fully sympathize with the minister in his feeling that it is necessary to introduce this bill to assist, as the bill itself says, in the alleviation of unemployment and agricultural distress. That is the minister's authority to make these grants in aid to the provinces. But, after all, we are leaving it to the provinces to apply the money, for there is nothing specific in the bill stipulating the particular way in which the money is to be used. The government simply hands the money to the provinces and they apply it as they see fit.

Though, perhaps, every hon. member will not agree with me in this, the fact is that in Ontario we fully realize that there is a completely unreliable administration in Queen's Park. That has been demonstrated over and over again. It is an administration that feels that repudiation can rest on the shaky foundation of political expediency, and we can have no assurance from that government that moneys granted by this federal government will be used to the best purpose. The minister will say, as has been said over and over again, that, after all, our hands are tied by the British North America Act and that we can go only so far and do only so much. Perhaps that is right. Yesterday we listened to a stirring speech from the Minister of Justice in which he said, as he rose to the height of his oratory, that the British North America Act must be amended. The hon. gentleman and his colleagues have the opportunity to make these necessary changes, so that we can overcome such blind legislation as this Bill No. 80 now before the committee. On February 1 last there was fully debated in this house a resolution introduced by the hon. member for Rosetown-Biggar (Mr. Coldwell) and during the course of that debate we listened with a good deal of interest to the Minister of Justice, as he referred to what had been done already in making plans for the amendment of the British North America Act. Without taking time to quote what the minister said, sufficient be it to say that he tried to leave the impression with the house that there were at least some plans going forward actively towards that object. The Minister of Justice was followed that evening by the Minister of Labour (Mr. Rogers), and during the course of his remarks he said, as reported at page 445 of Hansard:

> That question,—
>
> That is the amendment of the British North America Act.
>
> —as was pointed out by the Minister of Justice this afternoon, can be determined only by consultation and cooperation between the dominion and the provinces, and it has already been brought to the attention of this house that such consultation and such cooperation are now in progress.

I am wondering, as are those of us on this side of the house, yes and probably every hon. member, just what progress has been made so far towards "cooperation," let alone amendment of the British North America Act. How are we progressing along the road to achievement of this highly desirable and much discussed cooperation? We realize that not so many weeks ago there was an effort on the part of those representing various provinces, gathered together in solemn concatenation, to come to some conclusion in regard to this much mooted cooperation. A year ago there foregathered in this capital city of Canada the leaders of the governments in the various provinces of the dominion. What has been the result to date of all that has been done? We have heard so much about the cooperation that is to be achieved and the results that are to be obtained that it seems to us now, as we come to the dying moments of the second session of this parliament, that this much mooted cooperation does not exist at all. During the course of the election campaign of 1935 on a certain night never to be forgotten by some in the city of Toronto, there foregathered "these upstanding Canadian gentlemen," as they were introduced, the Liberal premiers of the provinces of Canada. And how all the Liberals swelled with pride as these eminent gentlemen took the time which was supposed to be reserved for the would-be Prime Minister, leaving him none whatsoever. It was a very stirring occasion. But to what end? What has happened since? Where is this cooperation?

Here is Bill No. 80 which provides that money be given to the provinces and that they will apply that money as they see fit. I have read the bill carefully and I cannot see that there is anything specific in it. Look for example at section 4, line 35:

> The governor in council may also enter into agreements with corporations, partnerships or individuals engaged in industry respecting the expansion of industrial employment.

What does that mean? How is it to be applied? It is left to the provinces; one province to apply it one way, another another way, and another perhaps not at all. This cooperation of which we have heard so much apparently does not exist. What does it mean as far as the industrial worker or the farmer is concerned? What end is being served by this bill or these grants in aid? The minister gives the money to the provinces; it goes out of his hands. How is he going to say: This money has been granted by the federal government, and you are to apply it in this particular way? He cannot.

Once again it seems to me that this bill demonstrates the prime and basic need for amendment of the British North America Act. I am convinced that as we come to the special supplementary estimates under the Department of Labour, and consider items 308 to 312, there will be much discussion as to the advisability of those votes under the present situation. I do not propose to discuss now the National Employment Commission, or the youth committee of that commission, but it must be in our minds as we are considering this bill that this employment commission has been operating at a cost, up to March 3, of $87,418; it will continue to operate at a cost of many hundreds of thousands of dollars according to the supplementary estimates, and surely something must have been done. But what? Many of us will be curious to find out if we can what has been done. But at the moment we have this bill before us for action, and we are supposed to pass upon it; we sit here in committee of the whole and later as the House of Commons to pass on to the provincial governments large sums of money, saying to them: Now go ahead and do what you like with it; we hope you will do it in the right way—

Mr. ROGERS: That is not quite a correct statement of what happens. Actually the bill provides authority under which agreements are entered into between the dominion government and a particular provincial government, having to do with the construction of certain works or the provision of direct relief as the case may be. Nothing, as far as I am aware, is excluded from the possible operation of those agreements, affecting unemployment and relief. Under this bill we may enter into agreements with provincial governments to take almost any action that may be required to deal with unemployment and relief. We are limited however by the appropriations to which my hon. friend has referred. That is the financial limitation upon what the government undertakes under this bill.

[Mr. Massey.]

Mr. MASSEY: The minister says "agreements which 'may' be entered into."

Mr. ROGERS: They always have been; there has never been any difficulty.

Mr. MASSEY: Well, it has always stopped raining, but it "may" rain at the wrong time. "Agreements which may be or will be entered into." But does the minister tell this committee that the use to which the money is to be put is still under his control when the money is paid?

Mr. ROGERS: The agreements have to be carried out according to their terms.

Mr. MASSEY: That is, the province agrees that a certain work will be done, that certain moneys will be appropriated for this and that purpose, giving the minister absolute detail of what shall be done?

Mr. ROGERS: As far as works are concerned, that is correct.

Mr. MASSEY: As far as public works are concerned. Then how about section 4, line 35:

> The governor in council may also enter into agreements with corporations, partnerships or individuals engaged in industry respecting the expansion of industrial employment.

Mr. ROGERS: Only the railway agreements of last year have been entered into under that clause.

Mr. MASSEY: But the province may say to the minister: We would like to appropriate out of our grant so many thousand dollars for the purpose of apprenticeship.

Mr. ROGERS: No.

Mr. MASSEY: Then may I ask what that paragraph means?

Mr. ROGERS: I am somewhat at a disadvantage, because we have not actually reached that clause; we are discussing generally the whole problem. However I do not want to raise that as an objection. The clause referred to simply gives us power to enter into agreements with corporations, partnerships or individuals as the case may be. That is, those agreements would not have to be through provincial governments at all. But as a matter of fact the agreements in general have been entered into with provincial governments. There is one exception: the agreements entered into with the railway companies for the special maintenance work.

Mr. MASSEY: Does the same apply to municipalities?

Mr. ROGERS: No agreements have been entered into with municipalities.

Mr. MASSEY: Does this bill cover agreements that may be entered into with municipalities?

Mr. ROGERS: Municipal works are covered by the agreements with the provinces.

Mr. MASSEY: Is there an intermediate step between the municipal and federal government through the province?

Mr. ROGERS: Absolutely.

Mr. MASSEY: In other words the municipalities apply to the provinces which in turn apply to the federal government?

Mr. ROGERS: Yes.

Mr. MASSEY: Then the minister himself does not deal directly with the municipalities?

Mr. ROGERS: That is correct.

Mr. MASSEY: The minister does not go directly to the municipality?

Mr. ROGERS: That is true.

Mr. MASSEY: Then let us take a practical case, the city of X, in which there are grade crossings or some other works with which it is desired to proceed. This municipality must go to the provincial government, Y, which comes to the federal government. It would seem to me, Mr. Chairman, that here is another rung to be climbed in a rickety political ladder. After all, if the municipality is predominantly of one political colour while the provincial government is of the opposite political colour, there are difficulties in the way in accordance with the dictates of human nature, such as have been manifest in the province of Ontario in particular in the last three years.

Once again I should like to direct the attention of this committee to the fact that when those of us who come from the city of Toronto rise to our feet and speak for that city we are greeted with smiles of derision, or whatever it may be, by other hon. members of this house who do not come from that city. On this I speak with no small degree of indignation; hon. members are forgetting that within that municipality there are more unemployed than in any other area of similar size in Canada. What would be said of those of us representing constituencies within that area if we did not rise in our places and do our very best for those in our city who are unemployed and suffering? Other hon. members of this house do not hesitate to rise in their places and make long speeches with regard to the beauties of their municipalities and constituencies, the needs of their constituents and so on, but as soon as one of the members from Toronto rises to do the same thing for those whom he represents, it is the old story of "Toronto is in again."

Mr. DUPUIS: Did the hon. member protest between 1930 and 1935?

Mr. MASSEY: One cannot protest from the gallery, but since 1935 I have protested from the place where I now stand.

Mr. DUPUIS: Political expediency.

Mr. MASSEY: "Political expediency" nothing! Perhaps the hon. member has become so steeped in that sort of thing himself that he finds it hard to realize that one may rise in his place and speak with sincerity and honesty for the good of his constituents. I object to that phrase.

I say, Mr. Chairman, that to us it seems very necessary that full consideration be given the problems such as we have to face in the constituency which I have the honour to represent and which I have already mentioned. Within the constituency of Greenwood, as I have stated in this house already, there are works which could be and should be carried forward in the interests of public safety, in the interests of those who live within that constituency and of those within the city as a whole, such as the grade crossings at Jones avenue, Woodbine avenue and Greenwood avenue, and other works I have already mentioned. So it is with no small degree of earnestness that I speak on the principle of this bill, in view of the fact that the municipalities are faced with the necessity of having to go to the provincial government first and then through that government to the federal government in order to receive the aid which is so necessary in order that undertakings may be carried forward.

Therefore, Mr. Chairman, in conclusion I urge that not only the Minister of Labour, who has already spoken on the question of the amendment of the British North America Act; not only the Minister of Justice, who has dealt with that subject so earnestly, but all the members of this government should realize that this whole question of unemployment relief is not a matter to be met only by grants in aid, or a matter that will be solved by increasing employment. They must realize that within this dominion we are faced with a continuing problem of unemployment that no general improvement in conditions is going to cure. The whole problem goes far deeper than the mere question of taking care of the situation which now exists. The emergency has passed; we now have with us a certain body of unemployed, a certain body of unemployable and a certain body of people

at present engaged in occupations to which they are not at all suited. So there must be a readjustment and a realignment brought about before we shall have within this country the peace and prosperity we would and should enjoy. The British North America Act must be amended! Accordingly with all the earnestness with which I am capable I urge that this government should give wider and broader, deeper and fuller consideration not only to the detail of the case at hand but to the whole great problem that we must face within this dominion, the problem which is set forth in the title of this bill, "the alleviation of unemployment and agricultural distress."

Mr. R. A. PELLETIER (Peace River): Mr. Chairman, in rising I should like to thank you very much for finally having noticed that I have the floor.

The CHAIRMAN: Order. That is a reflection on the chair, and the hon. member must withdraw it.

Mr. PELLETIER: It was just by way of offering my thanks, Mr. Chairman.

The CHAIRMAN: I have no intention of getting into an argument with the hon. member, but I have not been unfair to him in any way, and I ask him to withdraw his remarks as a reflection on the chair.

Mr. PELLETIER: I am quite agreeable to that, Mr. Chairman.

While the committee is discussing this measure I feel sure the minister is very glad of the opportunity it affords hon. members to bring forward certain suggestions for the relief of unemployment and agricultural distress. Everyone concedes the fact that unemployment is not by any means a local problem, so I believe the minister will be glad to learn what can be done in my part of the country in order to alleviate unemployment and agricultural distress.

When we look at the title of this bill we think of the things that have been said in this house recently with regard to the conditions that exist in western Canada, which have required emergency measures. On the whole I would say that those living in eastern Canada have been kind to the western regions, but as a result of the case that has been presented by members from western Canada perhaps a wrong impression has been left in the minds of many Canadians as to the actual condition that exists in the west. For example, in submitting the problems of the west to the country it has been necessary to indicate the appalling damage that has been caused by drought, plagues, dust storms, unfavourable weather conditions and so on, and as a result many Canadians picture western Canada as a land of black despair. Therefore it is a pleasure for us to bring to the attention of the country a part of the west that shines as a bright star amidst all this gloom. I refer to the Peace River country, which is often called Canada's last great west. While the wheat fields of many parts of western Canada were ruined by storms of dust and wind, the Peace River country was more fortunate. Last year, for example, without a doubt that country was the bright spot of the west. It became necessary to recognize the plight of certain sections of western Canada and to deal with them as a national emergency, but the Peace River country produced a good crop. That, of course, is nothing new for that country. We do have crop failures in that district sometimes, but year after year we produce some kind of crop. Perhaps the weather might affect the grade of our grain, and unusual dryness might reduce our yield, but year after year consistently the Peace River country has produced a crop. Hundreds of districts in western Canada look to the Peace River district for supplies of feed and fodder. We are recognized as producing the best seed oats in the west. The Peace River country is known as the wheat bin of the world. Side by side with Mr. Trelle of Wembley, there are, as well as in other areas of the Peace River section, farmers whose names are known in the wheat growing world. Their achievements in that sphere of production have become well known.

Throughout the years in an ever-increasing degree the Peace River country has maintained its record. As I said a moment ago, it stands out as the bright spot in western Canada. Many people have heard about it; in fact many prominent Canadian citizens had heard so much about the Peace River country that they took trips to it and during the course of their visits, recognizing the wealth of the area, made definite promises. Settlers in that part of the country believed their needs would be cared for. Among the many prominent citizens who told us that the Peace River country would be cared for was the Prime Minister. No less a person than Right Hon. William Lyon Mackenzie King made promises to us. Of course that was a long time ago, and those promises may be forgotten, but I desire to remind him of what he said on July 8, 1930, when addressing a public meeting in Vancouver, British Columbia. He said that—

The construction of a railway outlet from the Peace River district might furnish employment for many now out of work. He had personally seen the presidents of both great

Canadian railway systems in an effort to ascertain the reasons for delay in going on with this project.

"What we have said to each of them is that the people of western Canada are interested in the construction of this road" asserted Mr. King with emphasis. "We have told them—and this was some time ago—that we think six months is long enough to decide the route; and we have told them if they have not discovered a route in six months, then the government will find a way to construct the road."

The Prime Minister realized that this project would furnish employment for many out of work. I urge upon the Minister of Labour (Mr. Rogers) that he could not get any better suggestion than that advanced by the Prime Minister in the speech I have quoted. The Prime Minister is well aware of the need. It has been brought to the attention of the house consistently year after year by those who have pledged themselves to uphold the interests of the people of the country.

The Prime Minister went further than that; he recognized that the building of the outlet from the Peace River country would not only help the people in that area but would go a long way towards relieving unemployment. I suggest that the Minister of Labour could do no better than adopt the suggestion made by his own leader. Of course as a result of these bright promises a great many people from outside areas, from dried out areas in the states south of the border, and from eastern Canada, have come to the Peace River country, realizing that it is Canada's last great west, and have taken a share in the development of what I describe as Canada's unimproved homestead. We must develop it and improve it, and then Canada will realize the benefits which will certainly flow from the development of that great area.

In the Peace River district is a store of wealth which Canada cannot overlook, and because of its consistent production record certainly it should have just as much consideration as the dried out areas we are now helping, if not more. I am not saying we should not help the dried out areas, but I do say that if we have one area in western Canada which can in some degree by its own productivity enable other areas to get along, then certainly we should pay attention to it.

Of course the present measure is to alleviate unemployment and to assist in agricultural distress. That is the point to which I am now coming. During the years, because of promises made and for various other reasons, people came to the Peace River country to settle on the land and to bring it under cultivation. Many of them have come in the last seven years. Without going into detail hon. members must know, as has been said so often, that those people came at the wrong time. They struck the land just when prices for their products were falling to unheard of depths, and the result was that many of those new settlers who came into the country seven or eight years ago have been unable to get ahead in the development of the country. What happened? They were unable to obtain the necessary funds to work the land. They could not get ahead. They could not buy machinery. Their products were worth nothing, and the result was that they went on relief. Since that time many of them have never been able to get off relief, hard as they may have tried. We are told that the present measure is to relieve unemployment in agricultural districts. I will offer to the minister a suggestion which would permit him to relieve unemployment and to relieve distress in the part of western Canada to which I am referring. There are people out there who need assistance, and I believe the minister now has the necessary authority to give it to them.

Some people have contended to-day that only through the medium of a provincial government would it be possible for the minister to undertake a project of any kind. I suggest that there are more ways of doing it than that of working through the provincial governments. When we read the bill we find the words "and with certain organizations and individuals in their endeavours to expand employment in primary and secondary production." I do not know through what agency the minister may choose to work, but I imagine it would be quite possible to work through the medium of the National Employment Commission. After all, it is a body supposed to be able to give assistance to the federal government in alleviating agricultural distress and unemployment. I believe that through that medium it will be quite possible to do something for the Peace River country.

I feel the Prime Minister may know a great deal more about these matters than I do because he has had a long association with western Canada and has a full knowledge of conditions out there, and particularly of those in the Peace River country. In the years he has been prime minister it has undoubtedly come to his attention on many occasions that settlement of the Peace River country was worthy of development. On many occasions he has promised that that development would have his assistance, when he was returned to power, and I believe the matter may safely be left with him.

There is however something else which could be done. I believe the Minister of Labour would not have the heart to refuse to do something for the people in that part of western Canada. For many years we have been asking for an outlet to the Pacific coast. Year after year the request has been made. Now we are asking for the building of a project which would give us a highway outlet to the Pacific coast. That could be done by linking the Peace River with the already established gravel highway in British Columbia at a point called Hansard. The distance to be covered is approximately one hundred and thirty-two miles, and I have photographs to show the type of land through which the highway would run. I have made inquiries in the matter and I have found that the idea of attempting to fulfil the promise by building a coast outlet was allegedly begun last year through certain grants. They have attempted to provide a coast outlet by building a road which will go six hundred miles around the north side of the Peace River block and give no direct outlet to the people of the Peace River district. I suggest that it is quite possible to build a highway which will meet the needs of the people. Many of the farmers living in that particular area have no desire to have to go round by the mining districts in northern British Columbia in order to get to the interior of British Columbia. I know that the assistance which it is proposed to give to mining development will not meet the needs of the people of the Peace River country. I urge the minister to consider the providing of a direct outlet to the Pacific coast by means of a highway to connect from the Alberta boundary, to enter British Columbia at Hansard.

It might be said that I am trying to help the province of Alberta solve its unemployment problem, but I would point out that it will be necessary to build only fourteen or fifteen miles of highway within the province of Alberta. I feel quite sure that if the governments of British Columbia and Ottawa will give their cooperation, the government of Alberta will be ready to do likewise. Of course there are many champions of the north who do not live there. There is the hon. member for Vancouver-Burrard (Mr. McGeer) who is often quite busy sending press dispatches and telegrams stating that the coast outlet is nearing a point where it is receiving some definite attention. There are other people who should be ready to give all the assistance possible to the Peace River country. I refer particularly to the hon. member for Cariboo (Mr. Turgeon). He should be fighting for a coast outlet that will be a coast outlet rather than a highway six hundred miles long.

I have had occasion to speak to many prominent persons in the city of Edmonton, and all of them favour the development of the north. By developing the north you will develop the city of Edmonton. I urge the hon. member for Edmonton West (Mr. McKinnon) to insist that the promises which have been made so often to the people in the Peace River country be fulfilled.

In conclusion I should like to summarize the contention which I have placed before the minister to-day. It is a recognized fact that through no fault of their own there are people in the Peace River country who are unemployed. Many are suffering agricultural distress because of crop failures and other conditions over which they had no control. These people deserve just as much consideration as the people anywhere else. It is recognized that assistance to the Peace River country is long overdue. This assistance has been promised time and time again, not simply by way of a highway 132 miles long but by way of a railway outlet to the Pacific coast. I ask the minister to consider the building of a highway outlet.

The people in this part of the country see large sums being provided in the estimates for other districts and they are astonished at the little consideration they are receiving. I should like to invite the Minister of Agriculture (Mr. Gardiner) to visit the Peace River district this summer to see what a country that is not dried out looks like. I am sure he will realize, as have those who have seen it, that it is Canada's last great west. I pick out at random one item in the estimates providing $500,000 for improvements on the Richelieu river, and there are many others. There are 70,000 people in the Peace River country at the present time and they are receiving no consideration. Nowhere else in Canada is there to be found a group of 70,000 people receiving so little attention. In order to alleviate unemployment and distress I ask the Minister of Labour to act through the medium of the employment commission and complete this project as early as possible this coming year.

Mr. TURGEON: Mr. Chairman, I am not going to answer the hon. member's chastisement of myself in connection with an outlet from the Peace River to the coast. Let me say with great respect to the hon. member for Peace River (Mr. Pelletier) that my actions, however feeble and however disliked they may be by the hon. member, will speak louder in the Peace River than the words of the young hon. gentleman who has just taken his seat.

Mr. RALPH MAYBANK (Winnipeg South Centre): Mr. Chairman, it would appear that under this section of the bill practically everything with reference to unemployment relief can be referred to. It is with considerable regret that I have to place before this committee my very strong objection to the manner in which unemployment relief is being paid for at the present time and has been paid for ever since the depression started. Roughly speaking, the cost of unemployment relief is on a one-third, one-third and one-third basis. I am opposed to that basis now, and I was opposed to it when it was first started. It seems to me that unemployment relief is a national matter. Most people have been saying that for many years. But instead of its being dealt with as a national matter, it is being treated as a municipal matter.

The policy of forcing two-thirds of the expenditure necessary in connection with unemployment relief upon the direct taxation field is, in my opinion, wrong. When more than half of that two-thirds is registered against real estate, it becomes much worse. I know the conditions that prevail in Manitoba better than those that prevail in other parts of the country. There are very few municipalities in Manitoba that are solvent to-day. There are insolvent communities in Ontario and it would appear that most of the municipalities of western Canada are insolvent. I would not be surprised if an examination into the matter showed that the policy of forcing such expenditures upon the direct taxation field was actually at the root of a great deal of the trouble in the province of Alberta.

We have two kinds of governments; one, the federal, having the right to get its money from any source by either direct or indirect taxation; the other, the provincial, which can levy for its needs only by way of direct taxation. Then there are the creatures of the province, the various municipalities, which may also levy by direct taxation but only in a very narrow field. I suppose that most cities derive ninety-five per cent of their revenue from directly taxing real estate. Most of them have a business tax which is in another way, perhaps, a tax on real estate, though usually it is not so regarded, or spoken of; in any event it supplies only a small proportion of city revenues.

So far as unemployment is caused by any government policy it results from national rather than provincial policies. The thought of legislation with respect to trade and commerce, the tariff, and immigration reminds one at once that in these and similar spheres where the dominion government is supreme the policies in relation thereto can be responsible for unemployment in so far as that evil can be attributed to the action of any government. I am not asserting that at all times government policies have been the cause of unemployment. But I do say that the responsibility is upon no government if it is not upon the federal government. That being so, and the provincial government not being responsible, it is, I should think, indubitable that the responsibility is not that of the municipalities. I wish to read to the committee an excerpt from Toronto Saturday Night, the issue of January 16, because I think it sets forth this proposition about as clearly as it can be done:

> We fail to see that the costs arising from a nation-wide state of abnormal unemployment have any connection with municipal finance whatever, or that they ought to be imposed upon the municipal treasuries. Responsibility for the fact that they have been so imposed is difficult to apportion between the provincial and federal governments under our (in this respect unfortunate) dual sovereignty system; but we incline to feel that the major part of it must rest with the dominion, as having more responsibility for general business conditions, and more elastic sources of revenue for dealing with abnormal needs.

In an editorial in the Winnipeg Free Press of March 18 there is a quotation from the report of the bureau of municipal research of Toronto which runs as follows:

> Direct unemployment relief is a more logical complete charge against federal and provincial authorities than the mothers' allowances and old age pensions. . . . Unemployment, as far as it affects the employable, is not a matter with the causes of which local authorities can grapple. The causes are not local, nor can local authorities deal with them constructively. Industrial communities not only have a heavy initial incidence of unemployment, but the unemployed tend to gravitate to them in spite of all provisions and regulations to the contrary. The more efficient the local organization, the more this is apt to be the case.

It seems to me that those two articles tell fully the truth, although I am not sure that I would agree with the last sentence in the second quotation:

> The more efficient the local organization, the more this is apt to be the case.

But in the main it seems to me that these articles clearly set forth the truth in regard to this problem. The municipalities of Canada, and particularly those of western Canada, are being loaded down with relief expenditures which are not merely inequitable but are far beyond their power to bear. The federal government, with its broader base of taxation and its more elastic sources of revenue, takes the smallest share of the load, roughly about one part in three. But when it comes to loading about one half of the re-

maining two thirds upon the municipalities —I am thinking particularly of the cities and towns—the situation is made very much worse.

It is not to be wondered at that we cannot initiate by private enterprise building programs in the cities when every day real estate is being confiscated by the high taxation necessitated through the load which has been cast upon the cities and towns in the manner I have described. Recently there have been running in the newspapers in my own city a number of stories and editorials concerning slum conditions in Winnipeg. I doubt whether you will find in any new country slums as bad as we have in some of our cities. It is the greatest indictment of civilization in this new world that slum conditions of that sort should exist. Literally hundreds of people are packed, in some of our cities, into no larger a number of houses than one could count on the fingers of one hand. We need a housing program. It would be better if we could get it through private initiative, but that is impossible while the tax load upon real estate is as heavy as it is at present, and the load is what it is because we have placed on our cities and towns a burden which they cannot bear.

I wrote to a number of cities to ask for certain information with regard to their unemployment problem and particularly with relation to the costs they had to meet and how they are meeting them. Some of the cities did not reply in such a way that their information is usable at the moment. I have had only one reply from an eastern city, namely London, Ontario, and the information is not complete. I note, however, that that city, which I suppose contains fifty or sixty thousand people, has a property assessment value of eighty-three millions of dollars and its expenditure for relief is between $600,000 and $700,000 per annum. Calgary, with an assessment roll of $57,500,000, has had to pay out over this depression period about $3,100,000 in direct relief alone. In Saskatoon, which has supplied me with more information than the others did, in the seven year period there has been an expenditure of $2,300,000, and of that the city itself had to pay $1,200,000, or a little over fifty-two per cent. I am not sure whether administration costs in connection with relief are in that figure but I should think they would be, because I realize that they have never been directly loaded with fifty-two per cent, and that share must be built up by including certain expenditures that are necessarily incidental to unemployment relief.

[Mr. Maybank.]

Mr. ROGERS: I should think that that is so.

Mr. MAYBANK: Yes, I think so. That, however, is not the whole load for that city in consequence of unemployment. They had to raise about three-quarters of a million dollars of their share by debentures, and the servicing charge in connection with that was $146,000. That is a direct charge resulting from unemployment. They had to write off $603,000 worth of otherwise collectible hospital accounts because of the unemployment of people who had gone into hospital. They were unemployed either at the time they went in or afterwards when they came out. But if only one-half of that $603,000 were collectible and were added to the unemployment relief load I have mentioned, it would mean that the city, far from paying fifty-two per cent of the total unemployment relief expenditures, has had to pay almost seventy per cent.

On the public works side of relief in that city some information was supplied me. They were required to pay $718,000 out of a total of $1,736,000. These figures do not suggest too great a load on the city, which likewise is the case in my own city, with which I shall deal in a few moments. I mention it only because the information was given me and, after all, it is something on the other side of the scale.

The assessment upon which, by direct taxation, this city has to find its money amounts to $33,250,000. It is from that assessment that it has to get about ninety-five per cent of its revenue. The busines tax does not yield a large percentage, any more than it does in most other places, and out of that assessment of $33,000,000 odd I find that $2,250,000 is made up of unimproved land. Clearly that cannot yield very much in the way of taxes.

I come now to Winnipeg, which naturally I know better. The population is 225,000 and the assessment $198,000,000. Owing to its position as the chief urban centre of the prairies it must be patent to everyone who looks at the problem at all closely that Winnipeg has to carry, and is carrying, an undue burden in the matter of unemployment. There are 6,837 families on relief, of whom 1,000 have come there since 1930. That is illustrative of the difficulty in which that chief urban centre of the prairies finds itself. Whatever relief Winnipeg has paid out during the last six or seven years it has not been able to raise by taxation. It did raise some for a while, but later that became quite impossible. At the present time we have a floating

debt, incurred solely for the purpose of taking care of this particular problem, amounting to $7,500,000. The city is dispensing relief to-day ex gratia the Bank of Montreal; it is really the Bank of Montreal that is giving relief there at the present time. It is impossible for the city to float debentures or otherwise to fund that debt. The funded debt is $65,000,000. Winnipeg has always kept intact the sinking fund which was contracted for in the debentures and it has done everything possible to keep its credit in good shape, and to that extent it has aided the country as a whole in keeping the national credit good. The tax rate is 34½ mills. I am not quite sure whether it has reached the statutory limit, but if it is not as high as possible under the statute it is as high as practicable having regard to the law of diminishing returns.

As I have said with regard to other places, most of our revenue comes from the real estate tax and very little from the business tax, and there is no other source of revenue except what is relatively a bagatelle, the amount derived from licences. The load which the city has had to carry for the last seven years has been $2,100,000 for unemployment relief works out of a total of $5,500,000, or twenty-six per cent. As in the case of Saskatoon this is not so bad. I feel that having this information I should lay it before the committee inasmuch as it is on the better rather than on the worse side. The relief works I have mentioned were spread over a seven year period and were a hopelessly inadequate stop-gap, as anyone will realize.

Turning to direct relief, which is the major load, the city paid out in 1936 over $1,500,000 as its share and in addition to that administration costs; and there was $160,000 for medical relief, one of the necessary items of relief in which the government does not share. The administration costs amounted to $144,500. This makes the city's bill practically $2,000,000. The percentage share which the city had to pay was about forty, and in view of reductions in governmental grants this year the city's share in unemployment relief costs will be about forty-five per cent next year. Contributions from the two governments, from January 1931 to July 1934, were 66⅔ per cent. For about two months it was cut down to 53⅓ and then increased to 58⅓, and then till November 1935 it stood at 53⅓. When the present government came in the dominion contribution was raised to 70 per cent; but a reduction was effected by this government, resulting in a reduction to Winnipeg from the two governments of 65 per cent, and at the present time the contribution is 60 per cent. In other words, Winnipeg has always had to pay more than 35 per cent. When administration costs and other necessary expenditures are taken into account the figure has usually risen to well over forty per cent. This city, by reason of unemployment, is put to a great deal of expense which is not in these figures, expenses of the kind I mentioned in the case of Saskatoon, which had to write off $600,000 in hospital accounts. In fact, so great has been the demand on the funds of the city during these years that it has been impossible for the city of Winnipeg to do anything whatever in the way of local improvements. I recall a conversation a short time ago—the Minister of Labour will recall it—with reference to certain improvements. Some suggestion was made by the minister that looked like a good proposition for the city. Representatives of the city had to say: "That looks fine, but we just cannot find the money. We cannot find any money; it is quite impossible for us to get anything at all."

I have certain financial statistics of the city respecting unemployment which I should like to place before the committee:

Unemployment Relief Costs, 1931-1936

Year	Total cost	Contributed by governments	City's share
1931	$2,473,504 07	$1,567,753 62	$ 905,750 45
1932	3,129,444 32	1,982,547 05	1,146,897 27
1933	3,623,353 68	2,299,090 27	1,324,263 41
1934	3,635,185 87	2,078,558 40	1,556,627 47
1935	3,765,776 26	1,879,272 04	1,886,504 22
1936	3,824,927 62	2,220,887 41	1,604,040 21
Totals	$20,452,191 82	$12,028,108 79	$8,424,083 03

City's share financed as follows:		
Current revenue (1931 and 1932)		$ 614,912 31
Debentures ($2,930,000)—Net proceeds	$2,907,450 00	
Treasury bills (Dominion government loans)	2,411,176 29	
Bank borrowings	2,490,544 43	7,809,170 72
		$8,424,083 03

From the plight of Winnipeg, which I feel safe in saying is representative of most other cities, we must see that the cities are being loaded down with expense and being driven into bankruptcy. I doubt very much whether any of the cities of western Canada, and I fancy the same is true of many others, can carry on much longer. As far as Winnipeg is concerned, if the Bank of Montreal said to-morrow, "we refuse to lend any more money for this purpose," there would be destitution in Winnipeg which the city could not relieve, and about which the city could do nothing. I do not know why the Bank of Montreal does not do that. I think it has a mighty poor chance of collecting its money. I am not hoping that it will close its doors to us, but I think its chance of collecting is very poor indeed.

I have some figures here which I should like to place before the committee with reference to one particular assessment. Take as an example an average assessment of a person in any of these cities, a person having a moderate little home and not a large income. I take one home in Winnipeg having an assessed value of $2,500. With the tax rate of 34½ mills, there will be a tax bill of $86.25, or over $7 a month. The owner probably has an income of about $100 a month; with a home of that sort I think that is a fair assumption if the owner is working. Indeed, it may well be that he is unemployed, because taking the number of the unemployed, and ruling out a certain section of the community that we know are employed, the chances are about one in four or five that this man, call him John Doe, is unemployed. So he has a $2,500 house, with more than $7 a month against it on account of this tax rate. And he has a family to keep.

The total tax levy of the city is about $9,500,000, and the unemployment bill close to $2,000,000, or about 20 per cent of the total taxes. It means that this small holder must pay now or some time in the future about that percentage of his total tax bill for unemployment relief. When you compare that man with another in the same city who has a large house and a large income it is seen at once how inequitable it is to try to raise this unemployment relief by taxing real estate to the extent that it is taxed. The home of the more wealthy man is but one item of his wealth; but in the other case I mentioned it is the man's whole wealth. They both pay the same rate, but one pays 34½ mills on something which is relatively unimportant in his domestic economy, while the other pays 34½ mills on the only piece of wealth he has. And close to 50 per cent of the total unemployment cost is obtained from taxing the city's real estate. The method is seen to be inequitable when we compare these two citizens just as it is inequitable from other points of view.

I happen to have the actual tax bill of a returned soldier in an adjoining municipality to the west of Winnipeg, St. James. The situation there is somewhat different; it is a great deal worse. It is a small municipality, probably typical of a very large number. It is admittedly bankrupt. It has not anything like the wealth, even proportionately to population, that the city of Winnipeg has. Nevertheless, it may be instructive to lay these facts before the committee. The man whose bill I have is unemployed and a pensioner. He happens to have been able to get together enough money to purchase his own home; he has a small pension, and receives some assistance by way of relief from the pension department. His home is assessed at $1,325, and his total tax bill is $100.54, made up of various items. Appearing right in the tax bill is the sum of $23.85 for unemployment relief. In other words, this man with a home worth $1,325 has to pay a special tax of $23.85 for unemployment relief alone, in addition to all the other charges for ordinary municipal services.

I know it is sometimes said that we have no responsibility for the apportionment of this load. I think that is choosing or attempting to choose an easy escape from this problem. I feel that the dominion government has a responsibility; indeed, I believe it is entirely the responsibility of this government. This catastrophe has become a national responsibility, and not a responsibility of the municipality or the province. The major portion of this responsibility lies right at the door of this central parliament, and quite apart from the question of whether or not this central parliament is mainly responsible for the creation of the problem, this parliament has the amplest means to cope with the problem. Why, by direct taxation I do not believe the three prairie governments can raise anything like $50,000,000. That is a quick estimate, but as I recall it, the Manitoba budget is in the neighbourhood of $14,000,000, including the dominion subsidy. Judging from that, and just arriving at an estimate, I think $50,000,000 is about all they can possibly raise by direct taxation, and you may be sure that each of these provinces has raised every single penny it possibly can raise by taxation and by borrowing. Now they have reached a point where they cannot obtain more by either of

those two methods, as we all know very well, so consequently it is idle for us to try and get away from the responsibility.

In the first place, Mr. Chairman, I say the grant in aid is not large enough; the share of the responsibility we have agreed to assume is not large enough, for the two reasons I have mentioned. Further, by loading down the other governments as we are doing, we are driving them all bankrupt. We do not intend to do it, but that is no answer. When the necessary consequences of your act are seen, you are responsible for those consequences if you commit your act or continue your neglect, as the case may be. This policy cannot be continued, Mr. Chairman. Alderman Honeyman, who is chairman of the finance committee of the Winnipeg city council, is no alarmist. He has occupied that position for many years and possesses the confidence of the people of that city. Only a short time ago, gravely, and after due consideration, he was forced to state that at the rate it was being driven, the city would have to retire from the relief business. A short time ago here in Ottawa the same suggestion was made at the convention of mayors and aldermen of various Canadian cities. Unless the dominion government is willing to do something at once they felt that they would have to withdraw from the business of relief.

My own view, Mr. Chairman, is that unless a larger share of the responsibility is assumed by the dominion government the cities of Canada would be well advised to go on strike. They would do well to serve an ultimatum on this and other governments that after thirty days they would retire from this particular field of service. That, of course, would be a drastic step to take, but if they are to be driven bankrupt in any case they might just as well say that they will retire from this partnership business of handling relief, because they are getting closer and closer to bankruptcy every day, and they are not receiving anything like adequate aid from the governments. This government gives money to the various provincial governments. They cannot augment those grants; they have no way of raising money. We know that as a consequence the cities are being driven bankrupt, and it seems to me that we should take any step open to us to better their condition.

Much better than the cities being forced to take such action, however, would be this: If the dominion government would withdraw from the position it has so far taken, that it cannot deal with some of these municipalities—

The CHAIRMAN: I regret to interrupt the hon. member, but his time has expired.

Mr. MAYBANK: I shall conclude this sentence.

The CHAIRMAN: With the unanimous consent of the committee.

Mr. MAYBANK: Better than that, I suggest, would be to have the dominion government withdraw from the position it has so far taken, that it cannot deal with any municipality. If the government would take that step, examine the position in which many cities find themselves, and then take steps to remedy the situation, that would be the best solution of all. I thank you, Mr. Chairman, and the members of the committee for permitting me to conclude.

Section agreed to.

Section 2 agreed to.

On section 3—Works and undertakings.

Mr. PERLEY (Qu'Appelle): When speaking on the resolution last week the minister gave the figure of 50,000 I think, with respect to the increase in employment. On that occasion I asked if that figure included the increase in farm placements, and the minister said that when we came to this clause in the bill he would give me an answer. Before he replies, this afternoon the hon. member for Weyburn referred to the fact that the monthly payments have not been coming through as promptly as might be desired, and I have here a letter from a person in Saskatchewan asking me to bring to the attention of the minister a situation involving the unemployed and the farmers who have given them homes during the winter. The understanding was that the employer was to receive $5 monthly and the employed $5 monthly, with a bonus of $2.50 per month to the man if he remained until March 31. Many of the men have been working for four months, the writer states, and have not received a cent as yet. The farmer in many cases has to supply them with clothing, boots and shoes, and so on; also he has to supply them with spending money. My correspondent states that the government has not been living up to its part of the agreement, and that he took the matter up with the local member, with no results.

I mention that to support the argument advanced by the hon. member for Weyburn. I have had several letters of that kind; one dated March 18, stating that the man employed by this farmer had not received anything so far. This is a serious situa-

tion, because if the farmers are supplying these men with clothing, and they are not receiving their cheques until March, the farmers may be left holding the bag.

I had intended asking some questions on other sections, but possibly this would be the proper time to ask with respect to increases in employment. If these increases include farm placements, then the showing the minister was trying to make the other evening would not be so good. If it takes in increases in farm placements in Saskatchewan, certainly it would not look so good. Would the minister give the figures for 1934-35, 1935-36, and 1936-37 with respect to farm placements in Saskatchewan?

Mr. ROGERS: I would judge the hon. member was not in the house when I gave complete figures of those on direct relief and those in receipt of indirect relief. Those figures are found at page 2359 of Hansard. I believe that supplies all the information the hon. member wanted. In those figures comparisons are established between this year and last year with respect to direct relief recipients, and also those who received any form of relief, including those under the farm placement plan.

The hon. member has asked with respect to delay in payments to be made to men placed under the farm employment plan. May I say that a number of complaints did come to me in connection with the matter. As the hon. member will understand, the administration of the plan is with the provincial government; it could scarcely be otherwise, and it does not differ in that respect from farm placement plans of earlier years. However, the number placed, running as it did into some thirty thousand in Saskatchewan, placed a heavy pressure upon the relief administration of the provincial government, and possibly it was not able to meet that pressure as well as it had met that brought about by the smaller numbers placed in previous years. Then there were double payments to make, the payment to the farmer as well as that to the man. I understand that in connection with many of the placements there was an exchange of correspondence consisting of at least eight letters.

As the hon. member is perhaps aware, special precautions were taken to see that the men were fit to go on the farms, and that there was need for them. They were actually on the farms before they were paid. Probably we would have been under condemnation, and justly so, if some of these precautions had not been taken. We have sought to expedite payments. I am informed that last month, where regulations were complied with, payments were going forward regularly.

Mr. PERLEY (Qu'Appelle): What is the growth in numbers?

Mr. ROGERS: I will have the figures in a minute. The hon. member wants the figures for farm placements in Saskatchewan in succeeding years?

Mr. PERLEY (Qu'Appelle): Yes.

Mr. ROGERS: I shall take the month of January, which would be about typical. In January 1933 there were 5,497; January 1934, 9,445; January 1935, 5,339; January 1936, 6,236; and January 1937, 26,400. Those are the figures for the succeeding years for Saskatchewan.

Mr. O'NEILL: There is one point I should like to direct to the attention of the minister. Several of these projects in British Columbia have been let out on contract. I understand the contracts call for relief labour only as applying to those who are not key men. The contractors work with gasoline shovels, big trucks, and other heavy equipment and claim that the operators of these machines are key men. Only a small percentage could be classified as relief labour. In a district where work was being carried on, there were a large number of young married farmers who, on account of unfavourable climatic conditions in that year, did not have good crops and lived in the expectation that when the program of work was undertaken they would receive employment. But they were denied that employment because they were not on relief. In other words, we have placed a premium on relief. If a man was on relief, whether through necessity or otherwise, he was given employment. But if he refrained from going on relief he was not given employment, because the regulations stipulated that fifty per cent of the men must be taken from the ranks of relief labour.

Mr. ROGERS: Fifty per cent only.

Mr. O'NEILL: Yes, but the other fifty per cent were key men.

Mr. ROGERS: Not entirely.

Mr. O'NEILL: But there were cases of that kind, although I grant the minister that it may not have been the rule. I should like it understood that I am not trying to blame him; I am simply calling his attention to a condition which existed last year and which should be rectified this year. I am not complaining; I am merely calling the attention of the committee to a condition which actually existed.

Mr. ROGERS: The complaint may be justified, but I am drawing attention to the fact that the stipulation was for fifty per cent only.

Mr. O'NEILL: I am calling the minister's attention to the condition which existed in the hope that he may look into the situation before next year and have that condition eliminated.

Mr. BARBER: The criticism I have to offer is similar to that of the hon. member for Kamloops. I believe the practice in administering the problem of relief, a practice confirmed at this session, whereby the selection is made chiefly from the unemployed list, is driving more and more to unemployment. Many instances of that kind have come to my attention. I have in mind a man who had been working on some provincial undertaking, to which a fifty per cent contribution was made by this government, and who while working suffered an injury. For a time he was under workmen's compensation, but as soon as he recovered sufficiently he went back to get his job. The foreman said to him "You cannot come back to work until you go down and get a relief card." That man had a wife and five children. His reply was "I do not want to go on relief; I am fighting to keep off it." Finally he had to go down and get a relief card before he could get on the job. I think the policy of the government should be to give work to those men who are on the verge of going on relief and who have done their utmost to keep off the relief rolls. I think it is in the interests of the country to keep as many as possible off relief. Receiving employment on these works should not depend upon a man being on the relief rolls.

Mr. ROGERS: Mr. Chairman, perhaps I ought to deal with the point raised by the hon. member for Kamloops (Mr. O'Neill) and the hon. member for Fraser Valley (Mr. Barber). In drafting the agreements last year we had in mind the point which has just been raised; that is, we did not wish to discriminate against the unemployed who had been able to keep off relief. At the same time we felt that if we were making these large expenditures ostensibly for relief purposes, they should reduce the relief rolls. Therefore, we made it a stipulation that at least fifty per cent of those employed on these projects should be taken from the relief rolls. In order to prevent a man going on relief in order to secure employment we stipulated that the names should be taken from the relief rolls as they existed on a particular date, or that they should be taken from the rolls as they existed when the agreement came into effect. There was no inducement during the period when these projects were under way for a man to go on relief in order to secure work. It is conceivable that certain mistakes may have been made, or certain abuses may have arisen, but on the other hand we have had such a measure of success that during the past year there has been definite evidence, which we did not have before, that some sixty per cent of those actually employed upon the projects were taken from the relief rolls. To that extent the financial burden upon the nearby municipalities was reduced.

Mr. PERLEY (Qu'Appelle): On looking up page 2359 of Hansard I find that the information given there does not answer my question. I asked the minister if the increase in farm placements as shown by the figures he has just given, 20,168 for the month of January, 1937 over the month of January, 1936, was included in the increase of 50,000 in employment which the minister gave when speaking on the resolution.

Mr. ROGERS: The figure given was 56,000. That was really a decrease in unemployment.

Mr. BENNETT: It was 500,000 as against 556,000.

Mr. ROGERS: I would not say that those figures were included in the estimate of the bureau. The figures as to farm placements were included in the totals which I placed upon Hansard. I gave the totals on relief, both direct and indirect, for this year and last year.

Mr. PERLEY (Qu'Appelle): They were not included in the increase in employment?

Mr. ROGERS: No, because that is only an estimate by the bureau of statistics based upon a number of factors, including returns made by trade unions, employment indices and one or two other factors, which I think my hon. friend will find mentioned in the previous debate. That is an estimate of unemployment made by the bureau of statistics; it goes beyond those who are on relief.

Mr. BENNETT: It starts with the census of 1931.

Mr. DOUGLAS: Does the minister mean that those men taken care of under the farm placement scheme are still included in those who are on relief?

Mr. ROGERS: The first comparative totals I gave covered those in receipt of direct relief. They are not included in that. Then I gave two other totals which included the farm placements and those in receipt of indirect relief.

Mr. BENNETT: There was a third column headed "Other Relief."

Mr. MacNEIL: Could the minister give the total disbursements from the federal treasury during the past fiscal year for direct relief, relief projects, relief in the drought area and projects for single unemployed?

Mr. ROGERS: The hon. member will understand that the books for the past year are not closed and that there are some accounts still to be paid. The total disbursements for relief purposes up to date by the federal government amount to $41,820,966.85.

Mr. MacNEIL: A statement attributed to the minister appeared in the daily press to the effect that he intended to reduce the grants in aid to the provinces. If that is his intention, I should like to know upon what basis or upon what survey such a reduction is to take place.

Mr. ROGERS: The figure I have just given covers all forms of relief and not only grants in aid. The statement I made with regard to our policy in connection with grants in aid to the provinces was to the effect that it might be anticipated that there would be a reduction during the coming year. The precise degree of the reduction is now receiving consideration. I am not at all sure that any formula can be devised for the apportionment of dominion grants in aid among the provinces which would wholly remove any possibility of fair criticism. I imagine that if my hon. friend has reflected upon that matter himself, he will agree with me. You cannot take population as the sole index in apportioning the grants in aid, as that would ignore the real relief situation. You cannot necessarily take the numbers on relief, as that would tend to penalize the provinces that have tried to keep their relief rolls down. You cannot take relief expenditures as the sole criterion for the apportionment of grants in aid among the provinces. That, in turn, would tend to place a premium upon laxity of administration and would perhaps favour those provinces which have maintained a higher relief scale than others. In making an apportionment of grants in aid among the provinces, we shall try to keep in mind the various factors involved: I should like to stress this point. In the apportionment of these grants in aid among the provinces we are dealing with one aspect of a rather delicately balanced financial relationship between the dominion and the provinces. It is rather difficult to know where the problem of social services ends and the problem of relief begins. Obviously they are very closely related. As the whole problem of social services raises the question of dominion and provincial jurisdiction in an acute manner at the present time, so also does this question of relief, and particularly of the distribution of the dominion grant in aid among various provinces where relief is being paid.

I find that I gave in error to my hon. friend the figure for 1935 of the total paid for relief purposes. I now have the figures for 1936. Perhaps it would be to the advantage of the committee if I placed them upon Hansard:

Grants in aid..	$25,997,702 28
Other forms of relief.. ..	9,457,506 51
Total..	35,455,208 79

That is on the basis of accounts received up to this time.

Mr. D. A. McNIVEN: (Regina City): This section authorizes the minister and the governor general in council to enter into arrangements with the provinces, and presumably precludes any arrangement with or recognition of a municipality. The section is very much the same as that in last year's bill, and it is therefore proper to assume that the arrangements entered into with the provinces will be similar in terms to those entered into last year. The contract that was entered into with the province of Saskatchewan last year did not afford any relief to the unemployment problem in our urban centres. I do not wish to be understood as criticizing the expenditure of the money that was spent in Saskatchewan or the disbursements on the road construction work which was agreed upon. I admit that the construction of roads offers an indirect benefit to every urban centre inasmuch as it facilitates communication, ingress and egress to and from those urban centres. But it does not relieve our unemployment problem. That problem in its urban aspects is common to every city and town in our province. I think it is accentuated in the territory south of the main line of the Canadian Pacific Railway, and is at its worst, I believe, in the city of Regina. May I ask that the minister when dealing with the provinces will keep in mind that it is federal money which is being distributed, that it is a federal problem we are undertaking to correct, and that that problem can be corrected only if some portion of the moneys voted is used for the relief of unemployment in the urban centres?

Last year the money which was used in Saskatchewan was applied to road construction, and by another contract which was entered into, it was provided that employment should be had in those districts where the work was undertaken, and that fifty per

cent of such employment must be taken off the recognized relief rolls. Last summer I wired to the minister pointing out that situation, and received a sympathetic reply from him—

Mr. BENNETT: Hear, hear.

Mr. McNIVEN: —indicating that it was his belief and his hope that the moneys so voted and so used would assist in relieving the unemployment problem in the urban centres. I am relying upon the sympathetic note in his wire for the minister to see to it in entering into the contracts this year that there shall be a recognition of the situation in the urban centres and that definite provision will be made to alleviate our problem there.

For example, take the use of trucks. In the first place it was intended that relief recipients should provide the trucks. But if a man had a truck he could not get on relief; therefore it was not possible to get from relief recipients the trucks necessary to do the work.

It was also provided, at least it was insisted, that trucks on these jobs should be driven by relief recipients. Many owners took their trucks off the work and came to me, stating that they would not permit relief recipients to drive them. They pointed out that a truck was worth three thousand dollars, and that an inexperienced driver who failed to exercise the necessary care and caution with such a valuable piece of mechanism could do five hundred or a thousand dollars' worth of damage to it in a comparatively short time. Consequently contractors found it exceedingly difficult to provide the necessary haulage.

The situation may be best illustrated by a reference to the problem as it exists in Regina. There it is two-fold. In the first place, General Motors Corporation started a plant in Regina in 1928; it was completed in that year, and by the spring of 1929, 1,130 men were employed in the factory. It closed on June 2, reopened four months later for a month or six weeks, and has not turned a wheel since. The company's present employment in Regina is one watchman. Those 1,100 men, brought into Regina from all parts of the country, were left definitely on our doorstep and constitute a substantial part of our relief problem. One of these families that came in had thirteen children.

The second part of our relief problem results from migration to the city from the dried out areas in the rural parts of Saskatchewan and other places. The proportions of that migration are very substantial, and it has increased both our population and our relief problem. One man who came from a district not far from where the hon. member for Qu'Appelle (Mr. Perley) lives brought eighteen children with him.

Mr. PERLEY (Qu'Appelle): Good for him.

Mr. McNIVEN (Regina City): Hon. members will understand that such a situation repeated very often will in itself create a problem.

Mr. ROGERS: It would be the exception, I take it.

Mr. McNIVEN: At the present time we have 2,500 families on relief, or 15,000 individuals out of a population of 63,000. Existing school accommodation and hospitalization are crowded to their capacity; to-day there is not a vacant house in which one would want to live in the city, and there is an increasing number of houses being occupied by good, honest, reputable people in which probably none of us would care to live. The city urgently needs two hundred houses, and 1,300 should be erected; houses of four rooms, but not to accommodate the family that came to us from Qu'Appelle. A recent census showed twenty-seven persons living in nine rooms, and I think the minister will agree that such a situation should not continue but should be remedied at the earliest possible moment.

There are certain municipal works that could be undertaken as relief measures, or alternatively the government could assist in financing them. The leader of the opposition speaking on this subject a few days ago said that the former government had assisted the city of Winnipeg in the completion of its sewage disposal works as a relief venture. For the past two years Regina has been in need of a new sewage disposal plant, and it has come to the point where the city health authorities are afraid that because of the present condition an epidemic may break out. The plant is located within a very short distance of the mounted police barracks, within a quarter of a mile of the industrial school, and on the banks of a creek that flows through the surrounding country; and the city has been threatened with injunction proceedings by the residents in the territory between the city and the point where the creek flows into the Qu'Appelle river. That is one work that could and must be undertaken. It would provide definite relief for at least a part of the unemployed.

There are also such works as the gravelling of streets, grade crossings and a number of other things that could be undertaken. The city council has considered this problem in great detail. Committees of citizens have considered it from every angle and their con-

clusions, together with an estimate of the cost, representations as to the need for this work, and particulars of the problem that faces us have been forwarded to the National Employment Commission. I do hope that the minister, before completing any agreement with Saskatchewan, will find out from the National Employment Commission what consideration they have given to these requests and the suggestions that have been made; and if consideration has not been given, that he will require that august body to take the matter seriously under advisement.

I wish to discuss now a matter I have already taken up with the Minister of Labour. In 1919 a grant of $10,000,000 was made for technical education, to be disbursed over a period of ten years. Saskatchewan did not come within its purview as soon as some of the other provinces did. I then represented Regina in the local legislature, and I interviewed the present Minister of Finance and the present Minister of Agriculture who were respectively at that time Premier and Minister of Highways in the Saskatchewan government. They were not anxious to have Saskatchewan accept any liability under the terms of that act. They pointed out definitely that it provided for a service which Saskatchewan did not require and could not afford, and that just so soon as the ten year period was up the dominion government would leave the problem on the doorstep of the municipality or of the province and financial difficulty would follow. Everything those two gentlemen said to me on that occasion has come true. By an act passed in 1929 the term of the original act was extended, and by another act it was extended in 1934; but the whole $10,000,000 has now been expended, and in this time of stress and strain I understand that it is the intention of the government to leave the problem of technical education directly at the door of the provincial government and the municipalities.

A great deal has been said about the education of youth and the training of young people, and at a time when it seems possible to do so little for the young men and women of the present day it does strike me as a retrograde step for us to withdraw our support of technical education. Some may wonder why the province or the municipality does not accept that responsibility. There are three technical schools in Saskatchewan, located in Regina, Moose Jaw and Saskatoon. The student body is enrolled from the whole of the surrounding country, and for several years now these institutions have been giving a much needed service. It is true they charge a fee, but last year there were 140 students in the Regina institution alone who paid no fee, and who were given instruction and the necessary training in some trade or business or art to enable them to take a job when the opportunity comes along. They were placed in a better position to earn a livelihood than if these facilities were not available.

The question may be asked: Why does not the province assume that responsibility? I am not going to enlarge upon the disasters that have beset us during the last few years, but in this session of the legislature, in addition to all the taxation that has been imposed upon the people of Saskatchewan for the maintenance of the public and high school and university systems, a two per cent sales tax has been passed designed for the betterment of education, to raise $1,500,000 which will be earmarked for this purpose.

The hon. member for Rosetown-Biggar some time ago referred to the deplorable condition that teachers find themselves in—arrears of salaries amounting to $1,000,000. The government has recognized these arrears as an obligation to be taken care of, and this year a plan is provided whereby the arrears will be liquidated over a four year period and a percentage paid each year. The express intention of the government to discontinue the grants to technical schools will mean increased taxation, amounting in our city alone to something like $14,000. That does not seem a great deal, but the result will be that the citizens of Regina will have to pay that sum or there will be a curtailment in the service rendered, a reduction in the number of subjects taught and in the number of teachers employed. I would ask the minister under this bill and out of these moneys to give serious consideration to continuance of the grants to the technical schools of the province so as to enable them to give the service that they have given in years gone by. Let us at least make that contribution towards improving conditions for the young people, whose only prospect of betterment in life is through the training which they get in their youth.

There is another matter which I think the minister might well take into consideration. The hon. member for Winnipeg South Centre referred to it briefly. No federal government and no provincial government has recognized any plan for the provision of medical service of any kind. In southern Saskatchewan the situation is such that the doctors have moved out of the territory. Many doctors did not during the course of a year collect enough in actual cash to pay for the gasoline required to run their cars. Doctors have given service for as long as possible and then in self-defence have moved to some other district.

There are large areas entirely without medical service. That reflects again upon the situation in the cities, where patients are brought in for medical treatment and hospitalization. True, the bills are charged against the municipalities, but the municipalities cannot pay, and year after year the citizens of our larger centres are paying in increased taxation for the deficits of the municipally owned hospitals. In Regina the city itself provides medical attention and dental and optical service, drugs and such other medical assistance as is required, and neither the province nor the dominion makes any contribution towards those expenditures. That is an additional reason why I ask the minister to take into consideration some public undertaking in the urban centres to relieve our unemployment problem.

This or a similar bill has been before this house each year now for about six years, and the basis has always been that the problem of relief and unemployment is a municipal problem, and that where it is not a municipal problem it is a provincial problem, and the federal government assumes responsibility only when it becomes a national calamity. Then the question arises, at what point does it become a national calamity? It seems to me that the time has arrived and perhaps long before this, when we should regard this problem as a more or less permanent one. In saying that I am not advocating any defeatist philosophy. I realize that unemployment has decreased some 6·6 per cent, but it still remains a very substantial problem. If instead of enacting these bills from year to year and providing for contributions to unemployment relief, some basis could be arrived at so that the municipalities would know for some time ahead what they could expect in the way of assistance should the problem reach certain proportions, they would be in a much better position than at present. People in our urban centres will not invest in homes, will not engage in any housing scheme, will not take any part in the home improvement plan. I had word just this morning that there has not been a single loan approved under the Dominion Housing Act in Saskatchewan. I assure the minister that it is not because of lack of effort on the part of the citizens in making the plan known. The reason is the uncertainty as to what is going to happen; that is, are the urban centres to be required to assume 20 per cent or 30 per cent of relief costs or are they going to have to pay the whole of that cost, and what will it amount to in the way of increased taxation?

A short time ago I heard the hon. member for Greenwood make some caustic comment about Queen's park. I do not desire to enter into a discussion of Ontario politics, but I think we all recognize that the government at Queen's park in the short term of two years has been the first provincial government in Canada to balance its budget.

Mr. MASSEY: Taking the money from the people and then giving it back.

Mr. McNIVEN: They not only balanced their budget but to an almost unprecedented amount, something over $7,000,000, and at the same time announced a reduction in the debt of some $26,000,000.

Mr. SPENCE: It is all rot.

Mr. McNIVEN: But included in their budget is the sum of $17,000,000 collected from succession duties. May I remind the committee that $17,000,000 from succession duties is a greater sum than was ever collected in Saskatchewan from any source or from all sources.

Section stands.

Progress reported.

BANKING AND COMMERCE

Mr. J. G. TURGEON (Cariboo): Mr. Speaker, I respectfully request the unanimous consent of the house to revert to the order of motions.

Mr. BENNETT: It depends on the purpose of the hon. gentleman.

Mr. TURGEON: It is for the purpose of presenting, on behalf of the hon. member for Ontario (Mr. Moore), the fifth report of the standing committee on banking and commerce.

On the order for motions:

Mr. TURGEON presented the fifth report of the standing committee on banking and commerce, as follows:

That the following private bills, reported upon to-day by the standing committee on banking and commerce, without amendment, be placed upon the orders of the day for consideration this day in committee of the whole and for third reading:

Bill No. 91, respecting the Premier Trust Company—Mr. Ross (St. Paul's).

Bill No. 95, to incorporate The Canadian Mercantile Insurance Company.—Mr. Fontaine.

Mr. BENNETT: Before that is proceeded with, someone should move the adoption of the report that has just been read.

Mr. POULIOT: I object to the way the motion is drafted. It should be amended. These bills cannot be submitted for consideration in committee of the whole and for third reading; they must be considered by the committee and given third reading later.

Mr. BENNETT: I did not quite follow the proceedings, Mr. Speaker; did you declare the motion carried in regard to the adoption of the report which was read?

Mr. SPEAKER: That was simply a report of the committee, reporting upon these bills.

Mr. BENNETT: Then this motion to put these bills on the order paper for consideration certainly cannot include third reading, which must be for the house to determine.

Mr. TURGEON: Then perhaps the words "and for third reading" might be deleted.

Mr. POULIOT: I am delighted to see that the right hon. leader of the opposition agrees with me.

Motion as amended agreed to.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

ELECTIONS AND FRANCHISE

FINAL REPORT OF SPECIAL COMMITTEE OF PROPOSED AMENDMENTS

Mr. C. E. BOTHWELL (Swift Current): Mr. Speaker, I beg to present the second and final report of the special committee on the elections and franchise acts. I believe it would be advisable to have the report placed on record so that it might be printed, with the usual notice, in order that there may be concurrence in a couple of days. The report is as follows:

The Special Committee on Elections and Franchise Acts begs leave to present the following as its second and final report:

Your committee has held eighteen meetings for the purpose of studying the matters referred to it under orders of reference of January 26, and February 2, 1937, as follows:

(a) The proportional representation system.

(b) The alternative vote in single member constituencies.

(c) Compulsory registration of voters.

(d) Compulsory voting.

Your committee has also made a study of the Dominion Elections Act, 1934, with amendments thereto, and the Dominion Franchise Act, 1934, with amendments thereto, as instructed in the order of reference of January 26, 1937.

[Mr. Bennett.]

Every suggestion received by your committee since the 1935 election, whether from members of parliament, election officers, franchise officers, political and other organizations or private individuals, and whether received in writing or by personal representation, was carefully considered by your committee.

All witnesses who expressed a wish to be heard by your committee were duly heard and their representations given all possible consideration.

Your committee wishes to confirm their fourth and final report of 1936, a copy of which is hereto attached, with respect to—

(a) The proportional representation system,

(b) The alternative vote in single member constituencies.

Your committee has also considered compulsory registration and compulsory voting and has decided that it cannot recommend either to the favourable consideration of the house. With regard to the former, it is of the opinion that it could not be enforced without continuous registration, a large staff of permanent officials, an annual house-to-house check-up of the names of the electors on the lists, and by other means, and your committee believes that the cost would be prohibitive under such circumstances. With regard to compulsory voting your committee has carefully considered the evidence submitted and, in view of the high percentage of electors who voted in Canada at the last two general elections, and of the doubtful value of compelling unwilling electors to cast their votes, together with the probable additional cost, has concluded that it would be inadvisable to adopt that system in Canada at this time.

Your committee is unanimously of the opinion that the system of the annual revision of lists of electors, as provided in the Dominion Franchise Act, 1934, has proved unsatisfactory. Experience has shown that the basic lists prepared in 1934 were almost obsolete within six months after they were completed, and that the annual revision held in the year 1935 was not adequate to remedy the situation. The conclusion arrived at is that the yearly revision under the provisions of the Dominion Franchise Act, 1934, could not produce satisfactory results, and that only through voluntary efforts on the part of members of parliament, candidates and political organizations, involving great cost in time and money, could the lists of electors be brought up to date and thoroughly purged. Your committee is unanimously of the opinion that it would be advisable to return to the system of preparation and revision of the lists of electors immediately after the issue of the writs of election, with closed lists in urban polls, and open lists in rural polls, as in 1930.

Your committee recommends that the Dominion Franchise Act, 1934, be repealed, and the provisions relating to the preparation and revision of the lists of electors be again embodied in the Dominion Elections Act.

Your committee recommends that the particular sections in the Dominion Elections Act providing for absentee voting should be repealed. The intricacy of the procedure, the large number of rejected ballots, and the excessive cost to the country, have convinced your committee that it would be unwise to continue this manner of voting. Furthermore,

with the adoption of the 1930 procedure, your committee is of the opinion that absentee voting will no longer be necessary.

A suggestion was made to your committee that publication of election returns from east to west throughout Canada should be synchronized, or hours of polling should vary. It was represented that election returns from the maritime provinces were being received in the western provinces from one to three hours before the close of the polls in the latter provinces, and that undue influence was consequently exercised upon late voters, by radio broadcasts and by the publication of early returns in extra editions of newspapers in the west. On account of objections raised to every remedy proposed, your committee has decided that the matter should be brought to the attention of parliament in order that it may be further considered.

Special reference should be made to a suggestion approved by your committee to the effect that a revision of the Dominion Elections Act, embodying the recommendations made, together with such further amendments as may be found necessary be prepared for submission to parliament at its next session. This is deemed necessary in order that election officers may have ample time to perform all preliminary work well in advance of the next general election.

Your committee also gave careful consideration to many other suggestions that were received but not adopted. These suggestions are all contained in the minutes of proceedings and evidence, and your committee did not deem it necessary to enumerate them in this report.

Your committee has received representations from Canadian citizens of Japanese origin, asking that the privilege of the franchise be extended to them, but your committee is not prepared to recommend any alteration of the existing law.

Your committee herewith submits for the favourable consideration of the house the complete list of suggestions which it has approved, as follows:

1. That instead of having a permanent list of electors and an annual revision, the procedure followed in 1930, in the preparation and revision of the list of electors after the issue of the writ for an election, should be again adopted.

2. That the Dominion Franchise Act should be repealed and the franchise provisions embodied in the Dominion Elections Act, as in 1930.

3. That a longer period of time should be given to the various returning officers to revise the arrangement of polling divisions of their respective electoral districts, and with that purpose in view the proposed new Dominion Elections Act should be passed not later than the year 1938.

4. That all incorporated cities or towns having a population of 3,500 persons or more be treated as urban polling divisions.

5. That the chief electoral officer be empowered to declare urban any area in which the population is of a floating or transient character or in which a large number of persons are temporarily employed on special work of any kind.

6. That absentee voting be abolished.

7. That, where possible, all lists of electors for both urban and rural divisions be printed.

8. That a method of speedy payment of election officers receiving a fixed fee be adopted.

9. That enumerators shall insert on their lists of electors the names of young persons who will attain 21 years of age on or before polling day.

10. The voters' lists be printed locally wherever and whenever possible.

11. That, in urban areas, a printed copy of the list of electors be sent by mail as soon as the printing is completed to each dwelling situated within the appropriate polling division, and a notice advising electors of the time and place of the sittings of the revising officers and of the location of the polling stations be printed on each such copy of the list.

12. That the sending of a notification post card advising each elector as to time and place of poll be abandoned.

13. That the list of electors for rural polling divisions be "open lists" as in 1930.

14. That all election officers should be qualified as electors in their respective electoral districts.

15. That the use of radio for election speeches on polling day and on the Sunday immediately preceding it should be prohibited.

16. That all electors in line at the door of the polling station awaiting their turn to vote at the hour provided for the closing of the poll shall be permitted to cast their votes before the outer door of the poll is closed.

17. That no list of electors shall be split up for the taking of the vote unless it contains more than 350 names.

18. That printed lists of electors in urban polling divisions, containing more than 350 names, should, for the taking of the vote, be divided numerically instead of geographically.

19. That the names of teachers, students and clergymen shall be placed on lists of electors for polling divisions to which they have recently moved, as in 1930.

20. That the returning officer should be directed that either he or the election clerk should remain in the returning officer's office throughout the whole of polling day.

21. That in rural polling divisions only one day be fixed for the correction of the lists of electors by rural enumerators, instead of three days as was the case in 1930.

22. That no entry should be made in the poll book until the poll clerk has ascertained that the name of the elector appears on the official list of electors used at the polling station, or is otherwise entitled to vote.

23. That the election clerk should be authorized to issue transfer certificates on behalf and in the name of the returning officer.

24. That a record of all transfer certificates issued be kept by the returning officer or the election clerk.

25. That, when a candidate withdraws after nomination, and after the ballots have been printed, the election officer should notify all electors of such withdrawal in the most effective manner possible.

26. That a penalty clause be inserted in the act for employers who refuse to grant, or who interfere in any way with the granting of, two additional hours to their employees for voting.

27. That the use of the official stamp be discontinued, and a printed impression from an electro or printers block be substituted therefor, on the back of the ballot paper.

28. That candidates' agents shall not be allowed to vote on a transfer certificate until after they have subscribed to both the oath in form 17, and form 22.

29. That flags, bunting and loud speakers on cars and trucks and other vehicles should be prohibited on election day.

30. That candidates' agents should, to a reasonable extent, be permitted by law to absent themselves from, and to return to, the polling station at which they are acting.

31. That after the words "shall publish" in section 63, subsection 5 of the act, the words "in the form prescribed by the Chief Electoral Officer," should be inserted.

32. That the statement of the poll in form 31 and the certificate of the votes polled in form 32 should be prepared on similar forms, preferably form 31.

33. That the letter "W" should not be used in the description of women's names on the list of electors.

Owing to the shortness of the session, your committee has been unable to complete its study of the methods used to effect redistribution of electoral districts in Canada and other countries, and the evidence at present before it does not warrant a final report thereon. Your committee therefore suggests that this subject be further considered during the next session of parliament.

Your committee wishes to express its appreciation of the assistance and advice received at all times from the Chief Electoral Officer and the Dominion Franchise Commissioner, as well as from the counsel to the committee. Mr. Butcher has made an exhaustive study of all phases of franchise, election and redistribution legislation of other parts of the empire and of other countries, the laws of which might afford information valuable to the committee. The result of his study will be found in the minutes of proceedings and evidence. Your committee therefore endorses the action of the government in furnishing counsel.

Your committee further recommends that the evidence taken, together with an index, be printed as an appendix to the Journals of the House. A copy of the minutes of proceedings and evidence taken by the committee is attached hereto.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 44, for the relief of Clara Emily Taylor Elkin.—Mr. Jacobs.

Bill No. 45, for the relief of Yetta Ginsburg.—Mr. Jacobs.

Bill No. 46, for the relief of Marguerite Emily Coombe Low.—Mr. Jacobs.

[Mr. Bothwell.]

Bill No. 47, for the relief Mary May Rowell Thom.—Mr. Factor.

Bill No. 48, for the relief of Eva Josephine Millicent Good Ross.—Mr. Jacobs.

Bill No. 59, for the relief of Eva Schiller Lightstone.—Mr. Heaps.

Bill No. 61, for the relief of Grace Ellen Doris Newman.—Mr. Lennard.

Bill No. 60, for the relief of Ruth Jessica Kimpton Shiells.—Mr. Jacobs.

Bill No. 66, for the relief of Gretna Golden Laird Rankin.—Mr. Jacobs.

Bill No. 67, for the relief of Frank Horace Wood.—Mr. Sinclair.

Bill No. 68, for the relief of Edith Mary Bowers-Hill O'Hagan.—Mr. Jacobs.

Bill No. 69, for the relief of Isobel Jean Herbert Fleming Johnson.—Mr. White.

Bill No. 70, for the relief of Emilie Letsch-Rutishauser.—Mr. MacMillan.

Bill No. 71, for the relief of Miriam Silverman.—Mr. Jacobs.

Bill No. 72, for the relief of Alice Hickman Inge.—Mr. Jacobs.

Bill No. 92, for the relief of Muriel Beatrice Brown Gray.—Mr. Jacobs.

Bill No. 93, for the relief of Joseph Gédéon Emilien Tanguay.—Mr. Jacobs.

Bill No. 94, for the relief of Mabel Marjorie Powter Johnston.—Mr. Jacobs.

Bill No. 96, for the relief of Norah Clara Simson Warden.—Mr. Jacobs.

Bill No. 97, for the relief of Evelyn McCaughan McBride.—Mr. Jacobs.

Bill No. 98, for the relief of Marie Liette Fortier Mickles.—Mr. White.

Bill No. 99, for the relief of Cecile Snyder Rashback.—Mr. Betts.

CONSIDERED IN COMMITTEE

Bill No. 91, respecting the Premier Trust Company.—Mr. Ross (St. Paul's).

Bill No. 95, to incorporate The Canadian Mercantile Insurance Company.—Mr. Fontaine.

Mr. STEWART: Do I understand, Mr. Speaker, that the two bills that were placed on the order paper to-day for third reading are included in the motion for the third reading of the bills you have just enumerated? There was an objection to the third reading.

Mr. SPEAKER: They will stand for third reading.

RAILWAY ACT AMENDMENT

PROPOSED APPLICATION OF CROWSNEST PASS RATES ON GRAIN WESTWARD AS WELL AS EASTWARD

Mr. THOMAS REID (New Westminster) moved the second reading of Bill No. 16, to amend the Railway Act (rates on grain).

Mr. SPEAKER: Is the bill opposed? If it is, it cannot be proceeded with.

Mr. LAPOINTE (Quebec East): We cannot say whether it is opposed until we know what the hon. member has to say.

Mr. SPEAKER: Let the hon. gentleman proceed; if there is opposition the bill will have to stand.

Mr. REID: I am not unaware of the lateness of the session, but owing to the importance of this bill to the people of British Columbia I intend to proceed with it so as to bring before the house not only the serious conditions affecting particularly the farmers of that province, but also the gross injustice which we in British Columbia have suffered almost from the time the railways were built, in the present discrimination against us in the matter of rates.

What we are asking for in this bill, which has been before the house on at least five occasions, is not a special favour, but simply that the freight rates on all grain and mill feeds westward shall be on the same basis as the rates eastward. I repeat, British Columbia is not asking for any special favour. Many members seem to have got the idea that this is what the province has been looking for and now expects, and at various times when the bill has been before the house statements have also been made to the effect that this is not the proper place in which to debate the freight rates question.

Parliament dealt with this matter in 1925 because in that year the railway act was amended in connection with rates, only it failed to give to the west and British Columbia the same consideration as was given the east, and which the east has enjoyed ever since the railways were built. It is not my intention to weary the house with comparisons, but as I develop the argument it will be necessary for me to make at least some brief comparisons so that hon. members who are not already conversant with the situation will get some idea of the discriminations.

When the Crowsnest pass rates were put into effect on grain and mill feeds from Crowsnest pass to Fort William, grain was simply designated grain; there was in the act no such thing as a rate for grain used domestically, and a rate for grain when exported. It has been stated during various arguments that the rate was put into effect to develop export trade. If I had time I could go into the figures, but I realize the shortness of the time at my disposal. I could prove to the house that when the Crowsnest pass rates were put into effect there was very little or no grain moving out of Canada. We were not then in the position we have been in during the past number of years.

It has also been stated that the export rate on grain via British Columbia is on a like basis with that eastward via Fort William, but even a cursory glance at the rates and distances shows that such is not the case. For example, from Calgary to Vancouver, a distance of 642 miles, we are charged a rate of 20 cents for export. For a distance of 1,242 miles eastward, the rate is 26 cents. That works out at 1·962 cents per one hundred miles per bushel. I quote the rate per one hundred miles because one hundred miles is considered one day's run on the railway. As against that figure, the rate from Calgary to Fort William is 1·254 cents per one hundred miles per bushel. Or the ton-mile rate works out at ·654 going westward, against ·418 to Fort William.

We in British Columbia are paying an average of from 30 to 80 per cent higher rates than the eastern provinces are enjoying and have enjoyed for many years. Take, for example, the rate from Montreal to Saint John, 487 miles, the rate being 22 cents, whereas for a like distance to Vancouver it is 36½ cents or 65·9 per cent greater. From Toronto to Saint John, 809·5 miles, the rate is 35 cents as against a rate for a like distance to Vancouver or New Westminster of 46 cents, or 31·4 per cent greater. One could go right along the line comparing rates east and west, which would show very plainly that we in British Columbia are being heavily penalized.

With regard to the argument used by the railways before the board of railway commissioners that the rates fixed for export were to develop trade, it would interest hon. members to know that there are some eastward export rates which are higher than the domestic rate, which proves that the farmers and the people of the east are getting their grain requirements at a considerable freight reduction and at far lower rates than we in British Columbia obtain. I shall give only one or two comparisons.

From Fort William to Montreal the distance is 995 miles; the export rate is 24 cents, and the domestic rate only 20 cents. Compare that with what we in British Columbia are up against, where for a distance of 642 miles we are charged 20 cents as an export rate, and 41 cents domestic. It is true that a temporary rate was put into effect on feed grain, but not on mill feeds. But even that temporary rate is considerably higher than what the east enjoys. Again, take the rate Winnipeg to Montreal, 1,414 miles by Canadian National; the export rate is 38 cents as against 34 cents domestic.

The railways have always argued that the rate is what the traffic will bear. If that rule were applied in British Columbia, the rates would have to be cut considerably, because to-day farmers are paying $47 per ton for wheat, while eggs only bring 18 cents a dozen wholesale. The railways have lost considerable revenues by not reducing the rates to British Columbia. I have before me some very interesting figures showing the loss of revenue suffered now by the railways compared with their revenue in 1928. In that year British Columbia was shipping about 400 carloads of eggs, and the revenue to the railways was in that year $278,000. But last year practically no such revenue accrued to the railways for carrying eggs, because prices of eggs and chickens have been so low most of the poultry men had gone completely out of business.

Another argument used by the railways, and I think the Minister of Transport (Mr. Howe) has also used it, is that Canada has the lowest freight rates in the world. It is unfair to compare rates across the line and here; but if such comparisons are to be made I have some here which are very interesting. If one takes a similar distance going westward from a point in the western states one finds that grain and mill feeds are carried in the United States at somewhat less than the domestic rates in British Columbia. For instance, from Cobourg to Seattle, 921 miles, grains of all grades from No. 1 down, and mill feeds as well, are carried at 41½ cents. In 1934 the average freight rate per ton mile in Canada was ·975 whereas in the United States it was ·978. In 1935 the average freight rate in Canada, taking the long haul and short haul, was ·972 per ton mile, whereas in the United States it was ·988. I venture to say, however, that one cause for the United States figure being a little higher is that wages in the states are at least 15 per cent higher than in Canada.

If one had time to go into the intricacies of our freight rate structure he would find that for short hauls in Canada the rates are far higher than in the United States. But the only rule we have and the only comparison we can make, which is not a fair one, is to take the long haul rate, add it to the short haul rate, and that gave an average in 1931 of ·972 in Canada as against ·988 in the United States. I believe, Mr. Speaker, that where the railways are losing the most money, with very little being said about it, is on their passenger traffic. It is interesting to note that passenger rates have gone down but the cost of maintaining and operating passenger equipment has remained practically the same, and as the passenger traffic decreases, the tendency of the railways is to increase freight rates in order to help carry the burden. I say it would be well for the railway companies to ask themselves how long this freight rate structure can last, and how long freight can carry the load of the passenger traffic.

It might be of interest to note the drop in passenger revenue, which in 1923 amounted to $39,285,000 for the Canadian National and $38,050,000 for the Canadian Pacific. In 1926 that dropped to just over $38,000,000 for the Canadian National, and to $35,811,000 for the Canadian Pacific; in 1935 the passenger revenue on the Canadian National had dropped to $16,645,000, a loss of over $22,000,000, and to $15,031,000 on the Canadian Pacific, a loss of some $23,000,000. In spite of this, passenger fares were reduced. The railways were built principally for freight service, and unless the railway companies go after freight and give the service that the motor trucks are willing to give and are giving, I can see no great future for them in carrying freight, unless it be in the long hauls of commodities such as wheat and lumber.

I would suggest to the Minister of Transport (Mr. Howe) that he take note of this drop in passenger revenue, because if it keeps going down I believe the railway companies might be inclined to increase their freight rates in order to make up the deficiency. Freight is now carrying all the burden it can carry. To-day the public are motor minded, and in freight motor truck minded, not solely because we have motor trucks and motor cars, but because the motor truck is out to give service at a reasonable price. The trucking companies can quote rates immediately, when one asks how much it will cost to haul a ton of freight from one point to another. There is not the red tape that is still found in the railways, who sometimes tell us that they will have to send to Winnipeg or Montreal in order to find out what the rate will be. Yes, the railways have always had to be protected against themselves. When the express companies brought their system into

operation, they had to do so against the wishes of the heads of the railway companies. Later on the Pullman company had to put in sleepers, and still later, when refrigerator cars were required, the packers had to develop them instead of the railways. Then when the interurban electric lines began to run side by side with the railway lines, the railway companies did nothing; they just sat back as though the old horse and buggy days still prevailed, hoping that the people would still continue to patronize the railways. If one wants to ship a calf by railway he is charged just as much as for a bull weighing two thousand pounds. The public have lost confidence in the railways, and the railways must do something in order to win back that confidence.

I see, Mr. Speaker, that the hour for bills has about expired, and as I would like to hear what the Minister of Transport has to say I will reserve any further remarks until the matter comes up again.

Hon. C. D. HOWE (Minister of Transport): Mr. Speaker, the subject matter of this bill has been discussed in this house at some length on several occasions. I believe the matter first developed in 1926, when an application was made by certain grain interests on the west coast for the imposition of the Crowsnest rate on grain from the prairie province to Vancouver for export. The decision of the board, I think in 1928, granted that application as far as export grain was concerned. Subsequently an appeal was taken on behalf of the provinces of Alberta and British Columbia, and an application was made to the board to have that export rate apply to domestic movements of grain from the prairies to British Columbia. This application was denied by the board and an appeal was taken to the governor in council. By private arrangement between the railways and the provinces, in which the government of the day acted as intermediary, voluntary action was taken whereby the rate on feed grains was lowered by about half the difference between the domestic and export rates.

The purpose of this bill, as I understand it, is to have the export rate apply to the movement of all grains, that is, domestic grains of milling grade, as well as to feed grains. In the history of rate making in Canada a distinction always has been drawn between the movement of commodities for export and the movement of commodities for domestic consumption.

Mr. SPEAKER: The hour for private and public bills having expired the house will revert to the business under consideration before six o'clock.

UNEMPLOYMENT

PROVISION FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

The house resumed consideration in committee of Bill No. 80, to assist in the alleviation of unemployment and agricultural distress—Mr. Rogers—Mr. Sanderson in the chair.

Mr. ROGERS: I move that the committee rise, report progress and ask leave to sit again this day.

Progress reported.

COMBINES INVESTIGATION ACT

PROVISION FOR ADMINISTRATION BY COMMISSIONER UNDER MINISTER OF LABOUR

Hon. NORMAN McL. ROGERS (Minister of Labour) moved the third reading of Bill No. 41, to amend and consolidate the Combines Investigation Act and Amending Act.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, were it not so near the close of the session it would be deemed expedient on the motion for third reading to move certain amendments in order to emphasize objections we have made to certain details of the bill. True, when the bill was before committee of the whole house we pointed out a number of very serious objections, and the Minister of Labour (Mr. Rogers) agreed to certain modifications which will certainly improve the bill.

Nevertheless, as the bill now stands, it is unprecedented in the legislative history of this parliament. It provides for a wider scope for investigations than has been provided by any previous legislation. In fact, if one goes to the very essential features of the bill he finds it provides for the investigation of any business whatsoever in Canada, whether or not it is alleged to be a combine within the provisions of the criminal code. It may be used to investigate any business whatsoever, although it is admitted that it is not within the legislative competence of this parliament to enact legislation concerning investigations of this nature, except in regard to subject matters which are within the legislative jurisdiction of the parliament of Canada, or matters necessarily incidental to subject matters which are within the legislative jurisdiction of this parliament.

This bill in the condition in which it appears for third reading may be used solely for purposes of intimidation, and wide scope is given the commissioner for the exercise of his discretion. Under those circumstances I think there should be certain qualifications for the

office of commissioner, and I have so suggested. But this bill provides for no qualifications whatsoever, although the commissioner has more extensive powers than any judge of any superior court in any province of Canada.

Then again I suggest that in connection with all investigations with regard to preliminary and, subsequently, more widely extended inquiries, the minister's consent should be necessary. We should not leave to a commissioner, for whom no qualifications are prescribed in the act, the sole discretion for continuing these proceedings, except with the consent of the minister who should accept full responsibility for investigations of this kind.

Then, under section 7 the government have taken power by order in council to enlarge the scope and application of the act, and to authorize investigation into other matters which are not provided for by the express terms of the act. I have also pointed out that in subsection 1 of section 2 there should be certain amendments, to which the minister has declined to consent.

Under the circumstances it would be only a waste of time to make a motion at this time to refer the bill or any sections of it back to a committee of the whole house. Having expressed our position generally and in detail, and with sufficient clearness so that our position from time to time was obvious and understood, I have no further objection to the third reading of the bill, on division.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. BENNETT: On division.

Motion agreed to on division, bill read the third time and passed.

UNEMPLOYMENT

PROVISION FOR ALLEVIATION OF UNEMPLOYMENT AND AGRICULTURAL DISTRESS

The house resumed consideration in committee of Bill No. 80, to assist in the alleviation of unemployment and agricultural distress—Mr. Rogers—Mr. Sanderson in the chair.

On section 3—Works and undertakings.

Mr. BENNETT: Mr. Chairman, I had not intended to make any observations now with respect to a matter which was mentioned this afternoon, but had intended to say a few words when the estimates were before the house. I refer to the question of technical education. I trust it may be possible for the minister in determining what assistance should be given to the various communities, at the request of the provinces, to make some provision for technical education in the western provinces. I need hardly remind him of the commission which sat so long and of the report which was made under the direction of the late Doctor Robertson, and of the aid that has been given from time to time to various schools in the country to promote and improve the technical education of our young men and women. I had proposed when the estimates were under consideration to urge upon the minister the desirability of taking this suggestion into consideration when dealing with the question of how he might assist the municipalities and communities and particularly the young people of the country.

There is one other question I should like again to bring to the attention of the minister, and that is with respect to assistance to municipalities. Every day brings me communications from some of the municipalities complaining that they have not received that assistance which they conceive the demands made upon their taxing ability should warrant—or do warrant; I will go that far. It is quite clear that the theory upon which relief is granted is sometimes misunderstood in this country. The first person to whom one turns for assistance in time of difficulty is one's immediate neighbour. So we have the community responsible, in the first instance. The nearby community is responsible in the first instance for assistance to those who require food, clothing or shelter. When it is unable to give them adequate support, they turn next to the institution which has been created as a body corporate to deal with matters of that kind, namely, the municipality. When the municipality is unable to deal with the matter, it turns to the province which created it and asks for support and assistance. But the provinces were not created by the dominion, and having regard to the contentions which are ever made by them as to their sovereign rights, it is an entirely different thing for a municipality to turn to the province to which it owes its life and origin, and, on the other hand, for a province to turn to the dominion to which it does not owe its life and origin, and with which it claims almost equal powers under the constitution. Having regard to the recent decisions of the privy council, it is quite clear that the legislative jurisdiction of the provinces can do much to nullify the exercise of the powers of the national assembly which we know as parliament.

During our regime we did endeavour to promote the idea that if a municipality desired assistance from the dominion, they should urge their claim upon the province. This

afternoon the hon. member for Regina City (Mr. McNiven) stated that the claims of Regina had been urged before the employment commission. Obviously that commission had nothing in the world to do with it. It was a matter that should have been urged upon the provincial government; and they could have made such representations as the national character of the present economic condition might have warranted the dominion considering. I do suggest to the minister that it is desirable to have it clearly understood, from a statement by himself, that if the municipalities in the various provinces desire to have the dominion consider the merits of their claims, they should press them upon the attention of the provincial authorities, so that when grants in aid are being made it might be possible for the minister to impose as a condition of a grant to a province that a certain defined portion of the moneys thus granted shall be utilized within the various municipalities; and if thought desirable they might be named.

That is how it came about that certain classes of work were undertaken in Winnipeg, Calgary, Regina and Edmonton. There just occurs to me at the moment, for instance, the bridge across the river at Saskatoon, as well as the bridge further up the river outside the city. These are illustrations of the same principle. If it is clearly established that the municipalities are pressing their claims upon the provinces in the terms that were mentioned this afternoon by the hon. member for Winnipeg South Centre (Mr. Maybank), then the provinces will be more likely to present the claims of the municipalities to the minister when the grants in aid are being made, and regard could be had to the enormous, ever-increasing and almost intolerable burden that is being placed upon the municipalities by the number of people who have come in from various outlying sections to live within their boundaries. If this burden is continued it means certain municipal bankruptcy.

If the provinces are not aware of the fact, it is time they knew that in pressing for grants in aid there should be a clear indication from the government that a certain portion, whether in percentage or amount, of the money thus granted should be utilized by the province in grants to the municipalities to enable them to discharge the functions which devolve upon them by reason of their being charged with the exercise of those functions by the legislature of the province to which they belong. The municipality in exercising power exercises it by reason of a grant made by the legislature. If the government of a province would urge that, I am quite satisfied the minister would find himself in a position where he could earmark for specific purposes portions of the grants in aid for the benefit of the municipalities, which are bearing an almost intolerable burden.

I think this was pressed upon the minister by the meeting of mayors held in this city the other day. I know it is unnecessary for me to state again that the situation has really become intolerable. Whether it be the oldest and richest city, or the youngest and the one with the least resources, the position is the same. I mention these two matters at this time. I had intended to mention them later on, but these remarks will obviate my having to make any further observations along these lines when the estimates are under consideration.

Mr. ROGERS: Mr. Chairman, I wish to thank the leader of the opposition for directing attention to this difficulty which confronts the municipalities at this time. I might say to the committee that it was precisely this difficulty which led the dominion government more than a year ago to increase the grants in aid to the provinces on the explicit understanding that the increases would be passed on to the municipalities so far as possible. At that time I realized that a strong argument might be made upon the opposite ground that perhaps we were affording relief where such a measure of relief was not needed. The mayors' conference of December, 1935, emphasized most strongly the fact that unless some measure of that kind was adopted we would have widespread municipal bankruptcy in Canada.

Mr. BENNETT: Unfortunately they did not all do it.

Mr. ROGERS: Unfortunately some of the provinces did not carry out the entire undertaking. The leader of the opposition will understand that we could not indicate precisely the apportionment of that increase in grants in aid among the municipalities. The apportionment in the past has always been left to the provincial government. However, we made it as clear as possible in the order in council that the increase should be passed on to the municipalities.

Mr. BENNETT: I think at times we were able to confirm in the order in council the arrangements made between the province and the municipalities.

Mr. ROGERS: I am not aware of any case where that has been done, except with respect to works projects. At the present moment I am speaking of grants in aid. As

to the further question of a works program during the coming year, the leader of the opposition will be aware that this matter is dealt with by a separate item in the supplementary estimates. I was impressed by what I learned from various mayors who attended the conference here some weeks ago as to the pressing nature of their problem in providing work for their unemployed. I would not have the committee believe that in the program of last year we were at all indifferent to that consideration. I would stress the fact that in our agreements with the various provinces we made the definite stipulation that at least fifty per cent of those engaged on the joint works projects should be taken from the relief rolls. Even though much of the highway work was not actually within the larger municipalities, much of it was adjacent thereto, and it did bring about a considerable reduction in the relief rolls of many towns and cities throughout the dominion.

I believe there is much force in the suggestion that a certain part of the money made available for joint works should be earmarked for the municipalities. This has been urged upon the Department of Labour from different angles. I have it in mind that a very useful means of carrying out that object would be the setting apart of a certain sum in each province for the improvement of playgrounds and recreational facilities in some of the larger cities and towns. I think I can assure the committee that when we engage in our negotiations with the provinces we will have that purpose very much in mind.

Mr. STEWART: Mr. Chairman, I should like to ask the minister for some information in connection with subsection 2 of section 3. This is substantially the same provisions as appeared in chapter 15 of the statutes of 1936. This subsection reads:

> In the execution of any such work or undertaking provision shall be made, so far as it may be in the opinion of the governor in council practicable and consistent with reasonable efficiency and economy to do so, for the employment of persons who being available and competent are necessarily and properly in receipt of relief—

Now here are the words to which I wish to direct attention:

> . . . and registered with the employment service of Canada for employment in the province in which such work or undertaking is to be performed.

The words to which I have drawn particular attention are not in the statute of last year.

Mr. ROGERS: That is true.

[Mr. Rogers.]

Mr. STEWART: I think it is very desirable that those on relief rolls should be given work on these unemployment schemes of relief work; but I should like to know what is the significance in adding the words I have referred to. Does it restrict the number of those who are available for employment on works of this kind? Take, for instance, such a municipality as the minister has referred to in which relief works are being carried on, or where relief works are being carried on adjacent to that municipality—road work, we will say. Are those on the relief rolls of the municipality available for employment on those works, or must they also be registered with the employment service of Canada? And how do they get registered with the employment service in order to be available for employment on these relief works?

Mr. ROGERS: The purpose of adding this phrase is, I think, quite evident to my hon. friend. We desire that all able bodied persons on relief should, where possible, register at some branch employment service of Canada. But if, in the case he has instanced, there should not be an office of the employment service in the municipality where the work is being done or in the municipality which is nearest to the district where the work is being done, it would not be necessary that those working on that project should be registered with the employment service of Canada. Obviously that would be either physically impossible or physically inconvenient. I should think that the controlling words would be those above:

> . . . so far as it may be in the opinion of the governor in council practicable and consistent with reasonable efficiency and economy to do so, for the employment of persons who being available and competent are necessarily and properly in receipt of relief and registered with the employment service of Canada for employment in the province in which such work or undertaking is to be performed.

Certainly we have no desire to discriminate against those on relief who do not have an opportunity to register with the employment service of Canada.

Mr. STEWART: Well, what is the object of adding these words? I am inclined to think that on a proper interpretation of this section, in order to be eligible for employment on these relief works one would have to be registered with the employment service of Canada. If not, what is the object of adding these words? Why not leave it as it was last year? It is a restrictive provision. As the minister has said, obviously there are not offices of the employment service of Canada in every locality or municipality where relief works are being carried on.

Mr. ROGERS: This clause of the bill determines the action which will be taken under agreements with the provinces for the construction of joint projects. I think it is very desirable that where the work is being done either in a city or close to a city where there is a branch of the employment service, all those on relief in that particular community should register at the employment bureau for work. That being the case, no difficulty whatsoever would arise. Where the work is being done in a town or in a country district where there is not an employment bureau, it is, I think, quite clear from the wording of the clause that those who are on relief and otherwise available for this work would not be penalized by reason of the fact that they had not registered at the employment bureau. I am quite sure that a proper construction of the clause would be that it is where the governor in council determines that it is practicable and consistent with reasonable efficiency and economy to do so, that we require those working on these projects to be registered at the employment service of Canada. Certainly that is the intention, and it will be worked out in that way in the agreement.

Mr. STEWART: I am afraid that the language that has been chosen to express what the minister has just outlined is a little unfortunate, and that it enables and invites an interpretation quite the opposite of what the minister has stated. It seems to me that as this section stands, unless one is registered with the employment service of Canada he may not be available for work on these projects; he may not be able to claim the right of employment.

Mr. ROGERS: But will not be excluded.

Mr. STEWART: I should have thought it would be better to have left it as it was before—"being available and competent." Surely a man is available if he is on the relief roll of a town or municipality, without registration in the employment service of Canada. I do not want to press the matter too far, but I do wish it to be distinctly understood in the administration of this act that a deserving person on relief shall not be precluded from securing employment simply because of the fact that he is not registered with the employment service of Canada. I do not know what object there is in putting that in there at all if that is not a final and an essential qualification.

Mr. ROGERS: I have tried to make it clear that it is quite the reverse of our purpose to exclude any one from an opportunity to accept employment on these works projects because he has not registered at an employment office. At the same time we do feel it desirable that where employment offices exist, those on relief should register at those offices for employment. I believe that the importance of that consideration is recognized in all parts of the country; that is to say, that all of those who are able bodied and on relief should register at an employment office if they have an opportunity to do so. Certainly, where there is not an employment office in the city where the work is being done, or near the place where the project is being constructed, there is no intention at all to require that they shall be registered before they are eligible for employment on works projects. I might say that we have dealt essentially in the same way with this in past years in the agreements which we have had with the provinces. I do not agree that the clause as it stands is restrictive in character.

Mr. STEWART: I should like to ask the minister what provision there is for securing registration at these employment offices. Is it purely the act of the party desiring employment? Is any effort being made to secure registration of those who require employment?

Mr. ROGERS: There is, I think, no question as to the facilities offered by the employment offices for registration of those who are unemployed and on relief. As a matter of fact, since the offices were opened this year, the chief purpose has been to secure employment for those registered at such offices. We wish to see that so far as possible that function is carried out efficiently.

Mr. STEWART: How many offices are there, say, in the province of Ontario, to which an applicant might apply for registration?

Mr. ROGERS: I am sorry I have not before me the departmental estimate book. I should judge that there would be somewhere in the neighbourhood of twenty-five or thirty such offices in the province of Ontario.

Mr. STEWART: That just emphasizes the point—twenty-five or thirty offices in the whole province of Ontario which are available for registration by those on relief who desire to secure employment. I think the minister will see at once the inconvenience—

Mr. ROGERS: But it is not required.

Mr. STEWART The minister says it is not, but as I read this section, that is a necessary

qualification. I do not know how it will be administered, but as the section reads, that is required; you must be registered at an employment office.

Mr. DUNNING: So far as practicable.

Mr. STEWART: That is not the controlling part of the subsection. Subsection 2 reads:

In the execution of any such work or undertaking provision shall be made, so far as it may be in the opinion of the governor in council practicable and consistent with reasonable efficiency and economy to do so, for the employment of persons who being available and competent are necessarily and properly in receipt of relief—

That is where it ends. Those are exactly the words that were in the section of last year.

—and registered with the employment service of Canada . . .

It is a further qualification; in addition to being available and competent they must be registered.

Mr. DUNNING: So far as it is practicable and consistent with reasonable efficiency and economy.

Mr. STEWART: Reasonable efficiency and economy has nothing to do with registration. That provision is applicable to something else, and not at all to registration.

Mr. MASSEY: Did I understand the minister to say that it was the intention or the hope of the government to do work in the municipalities in connection with the playgrounds? If that work can be carried on, why cannot work be done in slum clearance?

Mr. ROGERS: We work within the limitations of the appropriations made by parliament. I pointed out that there would be general approval throughout the country, at least in my opinion, if expenditures made within the municipalities for relief works were used for the purpose of improving playgrounds and recreational facilities. I do not doubt at all that some other useful purpose might be found for such expenditures, but I do doubt very much whether any expenditure would be so generally useful across Canada as the type I have indicated. It does not exclude slum clearance as a very useful means of relieving unemployment, and also of improving social conditions in Canada. I do not think, however, that the point arises under the section which is before the committee. It is entirely a matter of agreement with the provinces.

Mr. MASSEY: I was interested in the minister's statement and I gathered from what he said that perhaps he had something in the back of his mind which he had not made quite clear and that possibly some arrangement could be made, the principle of which would be applicable to the improvement of playgrounds; and I assumed that if that worthy work could be done satisfactorily, slum clearance and other matters of vital importance that we have been discussing, and the responsibility for which we were told rested with the municipalities might also be undertaken by federal grants.

Mr. LOCKHART: With regard to the point raised by my hon. friend (Mr. Stewart), in the case of municipalities just outside the larger cities like Toronto, where the rural population is considerably greater than elsewhere, how will the employment of men be handled where the employment service is not in operation?

Mr. ROGERS: In such a case employment is very often made through the local relief officer, so far as the percentage of workers taken off the relief roll is concerned. I think there is an obvious advantage, where a group of workers are engaged on these joint projects, that in such cases one should go to the relief officer who has knowledge of the needs and, to some extent, of the physical fitness of those who are on the relief roll in the municipality.

Mr. LOCKHART: That brings us back to the point raised a few minutes ago. I have in mind two or three townships in the vicinity of the city where I reside. There is no employment service there, and there is nothing that will enable men to be brought in, because they must be registered with the employment commission.

Mr. ROGERS: I tried to make it clear that, at any rate in my own opinion, that is not mandatory. It is only in so far as the governor in council believes it to be practicable and consistent with reasonable efficiency and economy. There is that restriction on the unemployed on relief and on those registered with the employment service of Canada. As a matter of fact, in past years we have usually dealt with this question under our agreements with the provinces. The agreements have generally stipulated that where the employment bureau did exist, those taken for employment should be registered at the local office of the employment service.

Mr. LOCKHART: That would entirely bar a borderline case.

Mr. ROGERS: Not at all, because under the agreements only fifty per cent of those who are working on these projects are required to be taken from the relief rolls, and

that leaves the other fifty per cent entirely free from any restriction. Both the provinces and we desire that these relief works shall give employment, in the first instance, to the unemployed on relief, and then to the unemployed who are not on relief. I do not think there is anything in the section before us, and certainly nothing is contemplated in the agreements which we shall make with the provinces, that will have the restrictive effect which my hon. friend seems to fear.

Mr. LENNARD: My experience has been that in the public undertakings carried on in the vicinity of my home, it does not matter very much whether a man is properly registered or not. I know from experience that when men have applied to the foreman on certain public undertakings they have been told that they must procure a written recommendation from the local member, and that, of course, in our neighbourhood means a member of the local house. Men have applied to me and I have told them there is not much use my giving them a recommendation, though I have done so, but in no instance has it secured them the required employment. I know from experience that men in the county of Wentworth, when applying for positions on these public undertakings, have to get a written recommendation from the Liberal representative.

Mr. ROGERS: That would be all the more reason why my hon. friend should approve the suggestion that where practicable the employment service should be utilized. As he well knows, the agreements provide that there shall be no discrimination by reason of race, religion or political affiliation, and whenever complaint is received of discrimination on any of these grounds an inspector of the department is sent to make an investigation. When the report bears out the complaint we bring it at once to the attention of the party responsible for the violation of the agreement, and I am bound to say that generally the difficulty has been rectified.

Mr. LOCKHART: I understand that the federal government has contributed towards the construction of highway No. 8 from Hamilton to Niagara Falls. Is that right?

Mr. ROGERS: I believe that is one of the projects included in the joint relief program with Ontario during the past year.

Mr. LOCKHART: I agree entirely with what the hon. member for Wentworth (Mr. Lennard) said, that it was absolutely impossible for a man to get a job on that work—

Mr. ROGERS: Apparently there is nothing in our list of projects to indicate that that particular highway was included in our joint works program. I shall be glad to make further inquiry, and give the information when the estimates are before the committee. At present I can only say that apparently it was not in the program, therefore, it would be entirely a provincial project and beyond the control of the Department of Labour.

Mr. BLACKMORE: Is any of this registration with the employment service of Canada going on now?

Mr. ROGERS: I believe registration with the employment bureau is going on continuously. Many municipalities and some provinces require that all those receiving relief shall register with the employment service. They require that as some evidence that those receiving relief are willing to work. When work is offered through the employment service and men do not take it, that is taken as just cause for removing them from the relief roll.

Section agreed to.

On section 4—Agreements with provinces.

Mr. ESLING: I understood the minister to say this afternoon that no agreements had been entered into with the provinces. In that respect this bill is apparently different from that of last year, because in British Columbia there were fifteen specific highway projects to which the federal government contributed about $1,500,000.

Mr. ROGERS: If I may correct my hon. friend, the limit of our contribution under the joint works program for British Columbia was $750,000; that is half of the $1,500,000.

Mr. ESLING: Then the $1,500,000 covered the entire program, the fifteen specific projects to which a federal grant was allocated. But the peculiar thing was that although there was this federal grant, and although a specific agreement covering these fifteen projects was signed on July 9, it was impossible for the federal members from British Columbia to get any information about it. It was stated from the department that this information could not be given out until the agreements were tabled, and of course the agreements could not be tabled until this year. The result was that from time to time there appeared in the local press the statement that the provincial government was proceeding with this and that piece of work, and the federal government got no credit whatever for its contribution. There now comes a press

dispatch from Victoria again placing the onus on the federal government, by stating that highway work in British Columbia this year will be considerably curtailed and limited to one million dollars, because the federal government is cutting down its grant to half a million dollars for highways, and its grant for trails to mines, and so on, to a great extent; so that only $300,000 can be expended. Now it may be that the agreements of last year are to be continued. If so, I would ask the minister to what extent there can be assistance to municipalities, as all this money was allocated to specific grants for highways.

I wonder whether hon. members will not admit that we are just going around in a circle. During the past five or six years I think the expenditures of federal, provincial and municipal governments for relief amounted to nearly three quarters of a billion dollars; and an outstanding feature of the whole program has been the accumulation of statistics—so many statistics are gathered that it makes one dizzy. The National Employment Commission suggested the home improvement plan, probably the most effective measure yet put forward for the relief of unemployment. But to-day the situation, unfortunately, is that men are not disposed to take employment when they can get it, because of the uncertainty and insecurity of such employment. If they take it they have to forego relief, and they feel that such a long time must elapse between the loss of a temporary job and the time that they can again secure relief that it is really a hindrance to their accepting employment. I wonder whether the minister would not suggest to the employment commission a more radical step.

The hon. member for Regina City (Mr. McNiven) this afternoon suggested that during the period of all these expenditures, unemployment had decreased by nearly 7 per cent. The minister, I believe, places the figure at about 13 per cent. But that is neither here nor there, because every year there are coming into the labour market between 200,000 and 300,000 young people. It appears to me that this thing is likely to go on forever, and if it does what is going to be the result? Would the minister consider a proposal that the National Employment Commission suggest a conference of all employers of labour, with the idea of bringing about a five-day working week? You cannot create work when there is no work, and I think the government has seen the difficulty of making work. I believe that the five-day week is the only solution. It is not a matter of to-day only, but of the days to come. In my district we have a good example of the efficacy of that movement. There some 6,000 men in one industry have voluntarily accepted a five-day week, and in that way 1,000 more men are given profitable employment and continuous pay, and are quite content. I do say to the minister that it is a plan at least worth trying, and he might suggest to the employment commission that they bring together the heads of industry who, after conferring with their employees, eventually may come to look upon the five-day week as the only solution for this problem.

Mr. ROGERS: I thank the hon. gentleman for his suggestion, and I agree with him to this extent, that I feel very strongly that the time is coming soon, if it has not come already, when industry in this country will have to recognize a very definite responsibility if this country is going to be able to utilize to the fullest extent its potential working population.

Section agreed to.

Section 5 agreed to.

On section 6—Conditions of financial assistance.

Mr. PERLEY (Qu'Appelle): It seems to me this is a very important clause, under which this government has power to check up on a provincial government with respect to the work and relief given. I think the minister should outline what supervision or audit is employed in conducting these checks. There is no question but that there are many glaring examples of abuse in connection with relief. I have in my hand a report dealing with an outstanding case. It concerns a certain Julius Sampson of Bromhead, rural municipality No. 7. This report which was tabled in the provincial legislature quite recently, indicates that this man received relief during last October, November, December, January and February. During the month of October he received $100 for food, coal and clothing, and during the months of November, December, January and February he received cash relief for food. In 1936 this same Julius Sampson received $2,611.65 for the rental of equipment for road machinery on project No. 35K, and during the months of October and November he was also foreman on this project drawing $6 per day from the provincial government. The return states that he did not receive cash from the highway department during October and received only a small amount during February, and that most of the money paid for the rental of machinery was assigned to his creditors. Relief has been discontinued, of course, and the municipality of Bromhead is making an effort to collect relief advances made to this man this winter.

This may be an outstanding case, but I think the minister should outline to the committee the system that is employed in checking these matters and the system of auditing that will be adopted under this section. Under the old practice that was in vogue, a very careful audit was made in every case, and there were never any glaring abuses such as the one to which I have referred. I think this committee should have a very clear outline of the supervision the minister intends to maintain.

Mr. ROGERS: The Department of Labour has a resident auditor in the province of Saskatchewan, and when any complaints are received, investigations are made as I have indicated. The resident auditor is there also to audit the accounts of the province with respect to relief expenditures and the statements which are submitted by the province to the unemployment relief branch of the Department of Labour here. Subsequently these are audited by the Auditor General for Canada. I am bound to say, however, that the audit conducted by the auditor general is a somewhat belated effort, not due to any fault on his part, but due rather, to the physical difficulty of conducting an audit over the entire dominion. It has this result, that sometimes we find claims for refunds going back to agreements of two or three years ago. In addition, these refunds raise difficulties as between the governments concerned, and in many cases they can be settled satisfactorily only by something in the nature of an arbitration. These outstanding claims as between the governments concerned run into very considerable amounts. We also have in each province a dominion representative, who is charged with the responsibility of seeing to it that the terms of our agreements with the provinces are observed, and who is supposed to bring to the attention of the Department of Labour in Ottawa any apparent violations of those agreements.

I agree entirely with my hon. friend that this question of financial control is of the utmost importance. In connection with the administration of drought relief in the prairie provinces during the past year I believe we have somewhat improved the financial control in connection with the distribution of relief. Through an extension of that system under the comptroller of the treasury we hope the control may be more effective during the coming year.

Mr. BENNETT: With respect to these matters, Mr. Chairman, it will be recalled that in 1934-35 the then leader of the opposition charged that there was great laxity in connection with the payment of money. I was able to say that not a single dollar was ever disbursed by the Dominion of Canada in connection with these transactions between the provinces and the dominion unless there was a certificate by the municipality to start with, followed by a certificate by an authorized officer signing for the province concerned, the treasurer, the minister of works, or whoever it might be. In consequence of the action taken in connection with the auditor general, no cheque issued from the comptroller's office unless and until there appeared upon it the stamp of the auditor general and the initials of one or more, usually two, of his officials.

That is the reason for the great congestion of accounts to this date. The provinces have not been able to produce accounts that will comply with the terms of the regulations, and until they do, they should not be paid. This case on the journals of the legislature of Saskatchewan is nothing short of monstrous. There it is on the record. The minister of the province made a return, which is printed as part of the records of Saskatchewan, showing that in 1936 a man getting $6 a day as foreman, and who rented his machinery for over $2,000, was receiving relief from a municipality.

Mr. ROGERS: It is inexcusable.

Mr. BENNETT: It is. I tell the minister frankly that when I saw it, I could not credit it.

Mr. DUNNING: If my right hon. friend will permit me, I can assure him that what he says in regard to difficulties with respect to certification being the cause of the holding up is entirely correct; but it is also correct to say that there were numerous cases in the past, as there must be in such a widespread system, whoever is administering it, of abuses, I cannot say identical with the case mentioned, but which must be the subject of adjustment before payments can be made. As my right hon. friend says, final adjustment with several of the provinces is still incomplete because of the inability to produce the kind of evidence—

Mr. BENNETT: As I mentioned just now.

Mr. DUNNING: May I assure my right hon. friend this case is not unique at all, in the sense of it being a single case—

Mr. BENNETT: Oh yes, it is.

Mr. DUNNING: —or showing an outrageous condition. In the examination of the accounts for the past number of years difficulties of that kind have arisen. I do

not blame any particular provincial government or any particular political party in control, or anything of that sort. But nevertheless there have been abuses; there is no doubt about that. We cannot pay out dominion funds until proper certification is received, and of course in such a case no money could be paid out.

Mr. BENNETT: But it has been.

Mr. DUNNING: No.

Mr. BENNETT: Surely, our share has been paid.

Mr. DUNNING: No, no.

Mr. BENNETT: Excuse me; this is for 1936. I want to make a statement. The Minister of Finance says that this is only one of many cases of a similar character, but the provision which we made with respect to audit enabled us to deduct any of these amounts from any moneys which might be paid to the provinces, and I assume there has been no change made. Is that so? There is no change?

Mr. DUNNING: Correct.

Mr. BENNETT: Then it is perfectly obvious that the provinces must realize that they are going to find themselves short of money to which otherwise they would be entitled, because they have pledged their credit to the authenticity of accounts which are not supported by adequate vouchers. That is the story. As I understand it, we have made our payments.

Mr. DUNNING: In all cases, if my right hon. friend will permit me, subject to audit. Payment was made through the years to enable people to get their money, but the final adjustment with the province, which is the crux of the matter—

Mr. BENNETT: How do you spell that word? Is it c-r-o-o-k-s?

Mr. DUNNING: I can assure my right hon. friend that during his administration there were no more and no less crooks in the matter than there are to-day. The administration of this problem covers hundreds of thousands of people, and I can tell my right hon. friend that there are very careful investigations with respect to cases which are not sufficiently well authenticated, which do not bear evidence of being in proper form, or for which there are not adequate vouchers.

Mr. ROGERS: It might be useful if I were to place on Hansard the refunds which have resulted through the audits in various provinces, and also refunds resulting from other inquiries.

Mr. BENNETT: That would be helpful.

Mr. ROGERS: These are the figures:

Province	Refunds resulting from Auditor General's audits	Refunds resulting from other inquiries provincial action, etc.
Prince Edward Island	$ 7,112 84	$ 5,157 67
Nova Scotia	17,686 80	40,715 87
New Brunswick	7,505 80	2,687 10
Quebec	211,120 23	173,028 58
Ontario	51,552 06	166,788 69
Manitoba	25,807 88	66,543 66
Saskatchewan	33,817 87	316,994 76
Alberta	55,670 76	52,989 44
British Columbia	38,635 82	21,324 27
	$448,910 06	$846,230 04

Mr. BENNETT: I assume that by "other inquiries" you mean those made by officials that the various governments have placed in the provinces to check and safeguard the federal interest?

Mr. ROGERS: Yes.

Section agreed to.

Sections 7 to 12 inclusive agreed to.

On the preamble.

Mr. MASSEY: Mr. Chairman, I crave the patience of the committee for a minute. This afternoon the minister said that when we reached section 4 he would explain what he had in mind in connection with the last four lines of the section. Unfortunately I was called out of the chamber for a few minutes during which section 4 was passed. I should like to have an answer to questions I asked the minister this afternoon, and would he be good enough to make a statement now?

Mr. ROGERS: I am bound to say that for the moment I had forgotten the hon. member had asked a question on the point. I do not know that it would be possible or wise to indicate at this stage, before the committee, what is contemplated under that particular part of the section. The hon. member will note that it is the governor in council who may enter into agreements with corporations, partnerships or individuals engaged in industry respecting the expansion of industrial employment. I cannot speak for the governor in council in that regard. The words are here in order that the dominion government may, if it so desires, enter into agreements with corporations, partnerships or individuals, in addition to the agreements which normally

are entered into with the provincial governments. The same words were in the previous bill. This is not a new departure. This particular part of the section may not be utilized.

Mr. MASSEY: Was it utilized last year?

Mr. ROGERS: Only in connection with the agreements with the railways for special maintenance work.

Mr. MASSEY: Was that work done under section 4?

Mr. ROGERS: Yes.

Mr. MASSEY: Would it be possible for an individual corporation or company to deal directly with a province under this section? If, for example, a company wished to set up a system of apprenticeships, it would not be unreasonable to suggest that the company should assist by paying a third, the province by paying a third, and the dominion by paying a third. Some such arrangement would be possible under this section.

Mr. ROGERS: It is not barred or in any way excluded by the section.

Mr. MASSEY: Then, approaches can be made to the provinces, with reasonable expectation of success, for the setting up of systems of apprenticeships in a particular corporation or group of corporations?

Mr. ROGERS: Yes, it could be done under this section of the act.

Mr. DOUGLAS: In answer to the hon. member for Vancouver North in reference to the total amount paid by the federal government in the past fiscal year, the minister mentioned a figure between $35,000,000 and $36,000,000. Did it include the drought area?

Mr. ROGERS: No. I am glad the hon. member raised the point. The figure I gave included the normal payment for direct relief and special relief projects.

Mr. WALSH: It was suggested last year in the house and again this year, and it has also been suggested by the chairman of the National Employment Commission, that our present means of dealing with the unemployment problem is more or less of a—I was going to say haphazard arrangement. At any rate the present policy is not of a permanent character. Does the minister contemplate his being able some time during the course of the next session at the latest to bring before the house some policy of a more permanent nature to meet the unemployment conditions prevalent in Canada to-day?

Hon. members have stated that unemployment is here and will remain. It is a permanent condition which we must face. Speaking at Montreal, the chairman of the National Employment Commission made the same statement. Has the minister in contemplation measures which are going to meet these conditions more permanently than the measure we have now before us, and those to which we have been giving consideration in the past? I ask this seriously to see if there is not something in contemplation upon which the youth of the land can build some hope for the immediate future.

Mr. ROGERS: Mr. Chairman, I can assure my hon. friend that all phases of this problem are continually before the government, and particularly before the Minister of Labour. They have also received the attention of the National Employment Commission. There are those who hold the view expressed by my hon. friend that unemployment will be a continuing problem. I have no doubt that in one sense unemployment has always been a problem in this and other countries. That is, if you take any given period of a year you could find a certain proportion of our people unemployed. I imagine this is due partly to climatic conditions and partly to the dynamic character of the development of this country. This has caused an exceptional amount of casual employment.

It may be desirable that we should set up in this country some means of dealing with this casual employment, at least some means of reducing the social effects of this casual employment which have become so apparent in the last few years. I am bound to tell my hon. friend that I am not in position at this moment to announce a definite policy of the kind which he has in view. My own opinion is that a great deal is going to depend upon what happens in western Canada during the coming year. I am not going to suggest for a moment that our policy should depend upon a hazard, but I do suggest to my hon. friend that perhaps we will not know the measure of the problem which he has in mind until we know the effect which a normal crop will have in reducing unemployment and relief in western Canada. The more I have looked into the problem of the western provinces the more I am convinced that even the unemployment that exists in the cities in that part of Canada is the result in a very large measure of the drought situation which has persisted over a period of five or six years. It is not essentially an industrial unemployment problem. However, it is a problem of which this or any other government must take serious account.

Preamble agreed to.

Bill reported, read the third time and passed.

SUPPLY—CORONATION OATH

STATEMENT OF MR. CHURCH ON MOTION OF MINISTER OF FINANCE

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

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I shall take only a few minutes to bring up a matter which I think has been overlooked in the dying days of this session. It is clear from what Mr. Baldwin said in the British House of Commons that negotiations have been carried on with the dominions in connection with the revision of the coronation oath. I do not intend to deal with the technical side of this matter; I wish simply to ask whether or not this is a free parliament and whether or not these changes can be made in secret, especially at a time when parliament is in session? I challenge the right of this government to take the action they did without the consent of the high court of parliament here expressly given.

We have had the one coronation oath from 1689. This oath has continued down through the years with only a minor change in the days of King George V. What do we find to-day? I am anxious to see the other business of the house gone on with and I shall be brief. Negotiations were conducted between the dominions and the British government. Mr. Baldwin made a statement to this effect in the British House of Commons. There was a debate on this matter in the South African parliament and also in Ireland; but nothing happened here. I contend that the government of Canada has no power to take the action they did. The stand taken by this government in reply to me here on March 3 last is that they did not initiate the question, but expressed the view that the phrasing of the first section of the oath as formerly administered was not in accordance with the existing constitutional relations, and that it would be appropriate that each of the members of the commonwealth should be enumerated. They also consented to the change, striking out Defender of the Faith and the Reformed Protestant Religion.

In the old oath the king was asked solemnly to swear to govern the people of the United Kingdom of Great Britain and Ireland and the dominions. The new oath refers to the peoples of Great Britain, Ireland, and the dominions separately: Canada, Australia, New Zealand and the Union of South Africa. Ireland is not referred to as northern Ireland and the Irish Free State; it is mentioned as one nation, Ireland.

[Mr. Rogers.]

I do not wish to raise any question as to what is or what is not in the oath, but I do not think it is fair to the people of Canada that this should be done by council when parliament is in session, over our heads and secretly, and the Canadian people agree to it. This parliament consists of the King, the Senate, and the House of Commons. All this has been done in secret, and no one knows anything about it and we are refused the papers and correspondence. Mr. Baldwin said in the British House of Commons that the dominions had asked for the changes, including Canada who sanctioned it all. Apparently this change has been made over the heads of this parliament while in session. Mr. Baldwin stated that each of the dominions had made separate representations. I asked if this government had suggested any changes, and if so, what were the changes and under what statute, the government act. On March 3 the Prime Minister said the Canadian government were consulted and agreed to the changes applicable to Canada which they could not legally do without our consent.

It is possible that this action was taken under the Statute of Westminster. There is no doubt some changes were made in that statute of separatism, but in my opinion it did not give the government of Canada the power secretly to sanction these coronation changes while you, Mr. Speaker, were presiding in the chair.

I am not going at present into possible differences of opinion on this question. I am opposed to the changes and all the secrecy, but I think mention should be made of the fact that the words defender of the faith and to the maintenance of the Protestant reformed religion has reference only now in the new oath next May to the United Kingdom. This is weakening the bonds that bind us to the motherland. We are as bad as Ireland and South Africa. Why have these changes been made secretly while we are sitting here in parliament, and what is the next change and extent to which they can go? Has this government the power to change also secretly the constitution of this house and of the senate? It has been intimated to the British government that Canada wanted the new oath although the people and parliament were not consulted, but I doubt if that is so, and this oath has been changed and foisted on the people without reference to this parliament here assembled. Parliament is the only place I know of where we can learn these facts. In the British House of Commons they insisted upon knowing them. They did the same in South Africa and the other dominions.

I contend that what has been done by our representatives, the government of the day, is illegal and unconstitutional without the consent of parliament, and not in accord with the views of the majority of the people of this country. In my opinion the government had no mandate to take the action it did. We have had an act dealing with this matter since 1689. I asked on March 3 last for the papers, so that it might be known what Canada asked for but the government has refused to produce them. It may be said that it is to be inferred that this action was deemed necessary because of the conditions created by the Statute of Westminster. If that be so, the statute is a dangerous one and the sooner it is repealed the better, or we will be out of the empire altogether. Because if the government of the day can secretly make arrangements of this kind over the head of parliament, while parliament is in session, what is the use of having a parliament? How far is this secrecy to be carried in future and what is the next change due. This particular change, no doubt, was negotiated and fathered by the Irish Free State, which claims the right to change any statute; but I contend that as the form of the coronation oath was settled by the act for the establishment of the coronation, in 1689, no body but this parliament can change it; and it should be done, if at all, through an act of the parliament of Canada by an address to the King and with the consent of the parliament of Great Britain—and not in the secret manner indicated.

It has been said in reply to me here at page 1442 of Hansard that Canada did not initiate this change. Well, if it did not, some other dominion must have done so. I am not going to read extensively from the National Review of March last because I wish to see the house get into supply, but I draw attention to an article in its March issue, The Challenge to the Crown. The Prime Minister says that he did not initiate this change. Mr. Baldwin says the dominions asked for it. The position of the Irish Free State and also of South Africa on this question is set out in contributions to the National Review in March. As regards Ireland:

> The oath of allegiance and the right of appeal to the privy council have disappeared; the Senate has been abolished; the annuities of £5 millions, due under the land purchase scheme financed by British capital, have been repudiated, the governor general representing the crown has been made a cipher.

The writer goes on to say that last December the Free State government saw a chance to go further, and established a new constitution.

> It removes the King even in name from all authority in internal affairs; it abolishes his representative, the governor general; ministers are appointed not by the King but by the dail or rather its master, the president. The last shadow of the authority of the crown within the Free State disappears. They are a separate nation.

South Africa, no doubt, does not go so far, but they say they admit they are a separate country, and they call His Majesty "King of South Africa," presumably so that when the time comes they can set up a republic and substitute a president, and their law so provides. Is Canada going to follow these dominions? Mr. Baldwin said the dominions asked for this change. I have not now the time, and I doubt if I would be within the rules were I to discuss the reasons for the oath, and I do not intend to raise this question now. What I do say is why, while we are sitting here as a parliament, should these changes be made secretly over our head? Are we members of parliament or are we not? Are we a free parliament or are we not?

The Prime Minister of this country (Mr. Mackenzie King) says that he did not initiate this change, although Mr. Baldwin stated in the British house that all the dominions asked for it. The changes have come about, and what are hon. members going to do? when they get back home the people will want to know. I have been receiving letters for the past three months about this matter; I have not been able to answer them; all I could say was that the reply of the Prime Minister to me on March 3 last is that he did not initiate the changes but consented to them. I think we should have some explanation. I do not wish to be unfair; I desire fair play all round, but I believe that the government of the day has not the authority to do what it has done without the consent of parliament, and I think that if the law is looked into, that contention will be established. The writer of this article in the National Review, who is a brilliant lawyer, questions whether the power exists to make such secret arrangements as in this particular case without the consent of parliament. I think the people of Canada are entitled to know what the truth and the facts as to what negotiations there were; the papers should be produced and laid on the table. That is what I am asking for.

I would have preferred to postpone this until the Prime Minister was present. I was ready the other evening to go on but he was not here. A private member has only Tuesdays and Wednesdays practically, to say a few words on a motion to go into supply, and I did not wish to take the government by surprise or to embarrass them—far from it. But I believe the people of Canada are entitled to know the facts and to know who authorized these illegal changes, who initiated

them, and what negotiations there have been, including the correspondence. Mr. Baldwin says that there was both correspondence and negotiations, and I repeat that we are entitled to have the documents laid on the table of the house.

CANADIAN BROADCASTING CORPORATION—CENSORSHIP

Hon. J. EARL LAWSON (York South): Mr. Speaker, I have in mind a matter which I believe to be of sufficiently serious import to be brought to the attention of the members of this house, and I do so on this occasion because it is probably the last opportunity there may be this session on a motion to go into supply. I refer to the censorship which is being imposed in Canada by the Canadian Broadcasting Corporation or some of its officials.

In order to make clear to the members of this house the situation I have in mind, and the extent to which it has gone, I have procured an exact copy of an address—a sermon, really—which the Reverend Mr. Zeidman of Toronto proposed to deliver over the radio, and I have also in that memorandum or submission made to the radio commission of his address the exact deletions which were made by the censor. I do not propose to read to the House of Commons this entire sermon, but I do propose, because I must of necessity do so in order that hon. members may appreciate the extent to which this censorship is going, to read passages therefrom, including those which have been deleted, in order to give a continuity to the picture which I am trying to place before this house.

Possibly I should say in the very beginning, Mr. Speaker, that having read this carefully, if I were the censor I might have deleted one word in this entire address because I think it possible that as the result of the use of that word it might have been inferred that it was making an attack upon the religion advocated by some one or more denominations in this country.

The subject of the sermon was, "Christ our only Mediator." I am going to read a portion from the beginning of the sermon. When I come to words which are exact quotations from the Bible I am going to use the word "quote" preceding them and the word "unquote" at the end of the quotation in order that hon. members may distinguish as I read, and as I come to each portion which was deleted by the censor I will plainly so indicate to the house.

[Mr. Church.]

The proposed address was as follows:

To-day, I want to speak of Christ as the only mediator between God and man. In Paul's first epistle to Timothy, chapter 2, verse 5, we read:

"For there is one God, and one mediator between God and man, the man Christ Jesus."

Webster's dictionary defines the word "mediator" as "One who interposes between parties at variance, to reconcile them."

Christ is just that kind of mediator between ourselves and God, from whom the sinner is estranged. God reconciled us to Himself by Jesus Christ. The mediatorship of Christ is about the most precious and most consoling doctrine in Christianity. The sinner is brought to the Father, covered with the cloak of righteousness wrapped about him with Christ's own hand. There is none so sinful and none so low but Christ can lift him up to the highest virtues and holiness. And just as the most humble citizen in the British Empire has the right of appeal to the throne, so the most humble sinner has the right and privilege to go directly to Christ and God.

Now, the following passages were deleted from this sermon—and I call attention to the word "heathen," because it is the one which I said I would have deleted:

In heathen religions there are found whole hierarchies of priests, witch-doctors and magicians, who act as intermediaries between the people and their deity. Not so, however, in Protestantism. The Bible not only teaches us to have recourse to God Himself, but most strongly exhorts that there is provision made for us through Christ Jesus, and that we must avail ourselves of this, the only free channel of grace, that flows to us directly from the throne of God.

The deletions continue:

The passage in first Timothy, chapter 2, verse 5, is very important and the whole of our belief in a merciful and forgiving God hinges upon it. Notice the emphasis: "for there is one God," the emphatic one as opposed to the erroneous pagan polytheism; and notice again: "and one mediator, the man Christ Jesus"—the man Christ Jesus again emphasized, for already heresies had begun to creep in, which suggested the worshipping of angels and other personalities, as mediators between the Christian and God. Against this heresy, we are clearly warned in Colossians, chapter 2, verse 18: "Let no man beguile you of your reward in a voluntary humility and worshipping of angels, intruding into those things which he hath not seen, vainly puffed up by his fleshly mind."

There end the censor's deletions with respect to that passage. I can assure my hon. friends that the others will be much shorter. I had to read that much to get the tenor of the sermon.

Mr. DUPUIS: May I ask a question?

Mr. LAWSON: I should prefer if my hon. friend would not ask questions until I have finished. When I have finished I shall be glad to answer questions to the best of my ability.

Mr. DUPUIS: I was wondering whether the hon. member had consulted the member for Winnipeg North Centre (Mr. Woodsworth).

Mr. LAWSON: I have not consulted anyone. I start this second reference with the deletion by the censor because it is unnecessary to read the preceding one. The following was deleted:

There is another point that I wish to emphasize, and that is that in the Old Testament we find that intercessors were always active participators, human beings, and alive.

There ends the censor's deletion in that passage. I read on what is not censored:

There is no record of Moses invoking help of Abraham; nor does Elisha invoke the aid of his predecessor Elijah; nor do any of the apostles fall back on or ask the intercession or aid of the prophets or patriarchs that went before them. Therefore it is not without significance that in Hebrews, chapter 7, verse 25 we read: "Wherefore he is able also to save them to the uttermost that come unto God by him, seeing he ever liveth"—

These words are striken out, notice: "he ever liveth":

"—to make intercession for them."

Then the following is deleted:

There is not the slightest indication in the New Testament anywhere, to show that the primitive disciples or apostles had any recourse to any human being living or dead, or to any spirit or angel, apart from their Lord and Master Jesus Christ.

The censor also strikes out the following:

The basic and fundamental idea of Hebrew and Christian worship was complete and absolute submission to God, and to Him alone. Jesus himself emphasized that by saying, "You cannot serve two masters."

I have one other very short passage which I wish to read and which was deleted by the censor. I read it in order to give the connection.

The late Cardinal Lepicier wrote a devotional book in 1924 named "Go to Joseph, Our Unfailing Protector." Go to Joseph—but let it be remembered that our Lord and Saviour Jesus Christ never said "go" to anyone. He always said, "come." "Come unto me," was the great keynote in the ministry of Christ. "He that cometh to me, and heareth my sayings," said Jesus.

The quotation I have just given starting off with "the late Cardinal Lepicier wrote" is deleted by the censor; that whole paragraph is deleted. The censor's deletions continue:

The prophets of the Old Testament called the people to their God and not to their great men, "Seek ye the Lord while He may be found; call ye upon Him while He is near." Call ye upon Him, not upon Moses, not upon Elijah, not upon Abraham, but upon Him, the Most High God.

Likewise the apostles and evangelists called men and women to Christ, and to Him alone. They did not preach, Go to Joseph, or go to Hanna, or go to Sara, or go to angels, or go to the martyrs, or go to the saints, living or dead, no matter how good or how great these people may have been. But their message rang out—Draw nigh to God, and He will draw nigh to you. Simon Peter asked Jesus, "Lord, to whom shall we go? Thou hast the words of eternal life."

It was necessary for me to read these passages in order to give this house a picture of the censorship which apparently is being carried out by the Canadian Broadcasting Corporation or some of its employees. One naturally inquires what justification there can be for the prohibition of a sermon of that nature. When inquiry was made of the Canadian Broadcasting Corporation a letter under the signature of the general manager was written on January 13, to the Reverend Mr. Zeidman, in which the general manager quotes a regulation of the broadcasting corporation. That regulation reads:

"No broadcast may contain any attack on any religious faith, creed or sect."

Now I, for one, entirely agree that attacks over the radio should not be permitted on any religious sect or creed. But I think that most hon. members will agree with me that one should not be accused of attacking some other person's religion so long as in proper language one advocates that religion which is his own. Certainly I can see no justification for any censor striking out from any address an actual quotation from the bible. It seems to me that the question that this house has to consider is: Are we going to permit an autocracy to rule that no man may use the radio in this supposedly free country to advocate his religious beliefs, if such beliefs differ from the doctrines of some other denomination? I realize that censorship at best is a dangerous instrument to put in the hands of any one man, but when it is put in the hands, as is alleged by the Canadian Broadcasting Corporation, of an individual manager in each individual station across Canada, one begins to have some comprehension of the complete lack of uniformity in censorship that we are going to have. It seems to me that the responsibility for censorship should be clear; and if it is exercised, the public are entitled to know by whom, and for what reason.

That brings me back to the letter written by the general manager of the corporation to the Reverend Mr. Zeidman. In that letter he says:

A regulation governing religious broadcasts was passed at the last meeting of the board of governors of the Canadian Broadcasting Corporation.

And then he quoted the regulation which I have already quoted. I happen to have the privilege of knowing at least two of the gentlemen constituting the board of governors of the Canadian Broadcasting Corporation, and I cannot believe that those two men at least, although I have never spoken to them concerning the subject matter, could have endorsed such a censorship as I have outlined or could ever have intended that the regulation passed was to have the effect indicated.

Then I read again from this letter:

The responsibility for the application of the regulation rests with the station.

That is the statement of the general manager of the broadcasting corporation. Could any man reading that letter draw any other conclusion than that the general manager desired to convey the impression that the censorship of the Reverend Mr. Zeidman's address in this case had been done by the station manager? Well, I have reason to doubt that statement of the general manager. I am informed by the gentleman most concerned that he was telephoned by the secretary of station CFRB in Toronto concerning the deletions in his address of January 10, and that it was suggested that he call at their office, which he did. And when the Reverend Mr. Zeidman arrived, there on the desk was the manuscript of his address, with the censor's deletions bracketed in pencil, and with the different items numbered for the purpose of reference; and the statement was there made to the Reverend Mr. Zeidman that his manuscript had been sent to Ottawa and that this was the way it came back. Now I ask: Can the public have any faith in the censorship in view of those circumstances? If we are to have a censorship, then let us have a central board of censors, and not create across this country a series of little czars of the air.

Mr. HOWE: May I ask the hon. member to place all Mr. Murray's letter on Hansard?

Mr. LAWSON: I shall be glad to. Letter from the general manager of the Canadian Broadcasting Corporation to Reverend Morris Zeidman, dated Ottawa, January 13, 1937:

Dear Mr. Zeidman:

Thank you for your telegram of the 10th instant regarding your broadcast over CFRB. As this station has no doubt informed you, a regulation governing religious broadcasts was passed at the last meeting of the board of governors of the Canadian Broadcasting Corporation. This regulation reads as follows:

"No broadcast may contain an attack on any religious faith, creed or sect."

[Mr. Lawson.]

Its terms appear to be quite clear and unmistakable and the only objective of the same is to stop religious strife over the air. The responsibility for the application of the regulation rests with the station and I am sure that you will do your utmost to so arrange your broadcast as to enable the station to fully comply with the regulation.

I had some other aspects of this situation with which I wished to deal, but the time is passing. I want to make it clear that I am not raising this question because of one isolated incident. I have taken the trouble to run down the details of one incident, but I have learned, although I have no accurate knowledge except that I know the fact to be true, that another minister has been refused the right to make an address on the air without his sermon being emasculated somewhat as this one was; and only as late as February 15 I read in the Toronto Telegram that the broadcasting corporation prohibited a Doctor Hutton, who is the medical officer of health for the city of Brantford and president of the Eugenic Society of Canada, from broadcasting an address on eugenics because in the course of that address he advocated the voluntary sterilization of feeble minded people in this country.

Mr. LAPOINTE (Quebec East): What does my hon. friend mean by voluntary sterilization?

Mr. LAWSON: With the consent and approval of the properly constituted guardian, in case of their being a guardian, of the person if he is of so feeble a mind as to have been declared a lunatic under the Lunacy Act of the province of Ontario.

Mr. LAPOINTE (Quebec East): Voluntary by proxy.

Mr. LAWSON: Well, many of our acts are voluntary by proxy or by law. I want to make it clear that I am not trying to advocate what I want; but I am trying to bring to the attention of parliament a situation which I consider serious for this country.

Let me say with respect to Doctor Hutton's address that he and his organization and the cause which he is advocating have been approved by many eminent medical men and surgeons, including the present Lieutenant Governor of Ontario. Furthermore, what is the sense of prohibiting that address being delivered over the radio when I can sit in a railroad train and read it verbatim in the newspapers? It may be necessary to have a regulation prohibiting an attack on any religious faith, but surely the censorship should be exercised in a spirit of charity and tolerance.

Mr. DUNNING: That should be the spirit of the sermons also.

Mr. LAWSON: I quite agree, but the difficulty of setting up a board competent to say arbitrarily what a man should or should not be permitted to say in a sermon is so great that it does seem to me that unless there is some direct attack which is likely to stir up religious strife in this country, it should not be prohibited by the censor.

Mr. DUPUIS: To the mind of the hon. gentleman was that not a direct attack on one denomination?

Mr. LAWSON: I can only say to my hon. friend, Mr. Speaker, that I am not a theologian; I have never been a student of theology. I only know this, that the sermon which I read was preaching straight protestantism, though I might not have used some of the same words if I were preaching that doctrine I believe that every man should have the right of free choice. Surely because a man wishes to advocate what he believes, he should not be prohibited from doing so merely because he happens to be in disagreement with some other denomination.

Mr. DUNNING: Describing others as heathens?

Mr. LAWSON: In all fairness, Mr. Speaker, I think the Minister of Finance (Mr. Dunning) will remember that I said in the very beginning—

Mr. DUNNING: I am not referring to my hon. friend but to the sermon itself.

Mr. LAWSON: Then the censor or the board might very reasonably have cut out the word "heathen"; it might have cut out other words without any complaint from me, but when it cuts out whole passages which are direct quotations from the bible it is going to hear from me every time. Believe me, Mr. Speaker, and I beg my hon. friend opposite to believe me; in dealing with this matter I have no rancour in my heart or bigotry in my mind.

Mr. DUPUIS: Then why not choose something else on which to blame the censorship?

Mr. LAWSON: If possible, I want to avoid the development of a spirit in this country which has caused more grief throughout the world in the last fifteen years than anything else. It is the spirit that permeates that type of censorship which, in my opinion, is responsible for communism in Russia, fascism in Italy, nazi-ism in Germany, and the civil war in Spain, and we want none of it in Canada. But it is creeping in. Many may not agree with me, but it is the same spirit that prompts that sort of censorship that recently prompted the so-called padlock law in the province of Quebec and the amendment to the securities act in the province of Ontario. There is nothing I can do about legislation passed in the provinces, but I can do something about those corporations which are the creatures of this parliament. I urge that the board of governors of the Canadian Broadcasting Corporation take into very serious consideration the establishment of some central board of censorship, so far as possible an unbiased and non-partisan board, so that if we are to have censorship it may be reduced to a minimum and be uniform throughout Canada.

In conclusion, Mr. Speaker, I have only this to say, that unless the board of governors of the Canadian Broadcasting Corporation, or failing that board the government, takes some effective action to deal with this situation before the next session of this parliament, I shall take such steps at the next session as may be open to me as a member of this house to meet the conditions as they may then exist.

Hon. C. D. HOWE (Minister of Transport): Parliament in drafting the Canadian Broadcasting Act made this proviso:

> The corporation may make regulations to control the character of any and all programs broadcast by corporation or private stations.

Obviously it is the duty of the broadcasting corporation to determine the character of the programs, and I think the first test of the suitability of a program must be whether it gives offence to any part of the population. Surely radio is not designed for the purpose of giving offence, whatever other purpose it may have.

In judging whether or not a program will give offence, the corporation must also take into consideration the type of listeners, who range from young children of five years or younger to people of mature years; and the programs sent out must be suitable for children as well as for adults. Probably the most troublesome form of broadcasts to supervise is religious broadcasts. During the time I have been responsible for the conduct of the radio, all the great disputes have centred around religious broadcasts. In my experience they have not only involved a broadcast in which a clergyman or a priest was preaching to his own people, but the dispute has always concerned sermons in which one religion was attacked by an exponent of another; and on occasions of this kind there can be no doubt

that offence has been given, judging by the scores and hundreds of letters that reach my office.

In the case referred to to-night we have a Protestant, Mr. Zeidman, and I dare say a fairly recent convert to the Protestant faith, who during a series of broadcasts has made statements very offensive to those of the Roman Catholic faith. He is being answered currently by Father Lamphier, a Roman Catholic priest, who is making statements very offensive to Protestants.

Mr. LAWSON: Is it this man the minister is referring to?

Mr. HOWE: Yes, Reverend Mr. Zeidman in one case. So many protests have been received in both these cases that the officers of the broadcasting corporation are using great care in censoring any broadcast by either of these gentlemen, and quite rightly so. When you get a portion of the population very much stirred up by a particular broadcast which great numbers find offensive, it is the duty of the radio corporation to make sure that the offence is not repeated. Therefore every broadcast by Reverend Mr. Zeidman and every broadcast by Father Lamphier is censored in Ottawa before it is allowed to go on the air. I cannot conceive that a man interested in disseminating his own religious belief would find it necessary to make utterances offensive to those of any other faith. I cannot see the purpose of that.

Mr. LAWSON: We are all agreed on that.

Mr. HOWE: There is no great hardship involved when a man is not allowed to say something over the radio that is questionable. If there is any question about it, why should he say it? It is not necessary. If Reverend Mr. Zeidman wished to speak to people of his own faith he did not need to use words offensive to those of another faith; and so with Father Lamphier.

That is the position that is being taken. This is not the first sermon that has been put on the air by Reverend Mr. Zeidman. These things do not arise until criticism is received in very considerable volume, and we have had that criticism here. We had another case in New Brunswick, I think, that stirred this house greatly; a certain Baptist clergyman preached sermons which were very offensive to Roman Catholics. There was so much controversy in the house over the matter that I had two judges of the supreme court listen to a broadcast by this man in order to give me an opinion, and they said they did not know whether the man was a religious bigot but they felt sure he was mentally unbalanced. Surely the public must be protected against that sort of broadcast; I do not think there is any quarrel between my hon. friend and myself in matters of that kind.

We come now to the matter of sterilization and the use of contraceptives. I ask my hon. friend in all—

Mr. LAWSON: Do not confuse the issue.

Mr. HOWE: The two run parallel; they are both subjects of great controversy.

Mr. LAWSON: If the minister would permit me: The speech to be delivered by Doctor Hutton in no way referred to or had reference to birth control—nothing of any kind.

Mr. HOWE: Does the hon. member think that is a proper subject to discuss before seven-year-old children? Would you approve of the same person addressing a class of five or six year old children in the school? Those are the people to whom he would be talking over the radio. The greatest radio users are children between five and ten years. If the hon. member wants to say that sterilization—compulsory, voluntary, or any other kind—is a proper subject for children between the ages of five and ten years, then I will admit that our radio corporation are exercising improper control.

Mr. LAWSON: I should be permitted to answer. On the other hand, I anticipate that the same radio control will be exercised by the parents in the homes as is exercised with respect to newspapers or other publications.

Mr. HOWE: My hon. friend is entirely mistaken as to the duties of parents in the homes. It is the duty of the radio corporation to make sure that nothing goes over the radio which is offensive to five year old children or to fifty year old members.

Mr. LAWSON: I can only say that some of the jokes told over the air are offensive to children of that age.

Some hon. MEMBERS: Mr. Sage! Mr. Sage!

Mr. HOWE: I think hon. members will appreciate that in making sure offensive material is kept off the air, the radio corpora-

tion has a difficult task. I am sure they fulfil that task as well as they can. They have not always succeeded in preventing controversial or even indecent matters coming out, but I believe every day they are setting up a check on programs which will have the effect of arriving more nearly at the desired result.

Motion agreed to and the house went into committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF PENSIONS AND NATIONAL HEALTH

Veterans Assistance Commission Act, $400,000.

Item stands.

Progress reported.

On motion of Mr. Dunning the house adjourned at 11.05 p.m.

Wednesday, April 7, 1937

The house met at eleven o'clock.

REPORTS OF COMMITTEES

BANKING AND COMMERCE

Sixth report of standing committee on banking and commerce.—Mr. Moore.

MARINE AND FISHERIES

Mr. A. E. MacLEAN (Prince) moved concurrence in the third and final report of the standing committee on marine and fisheries, presented to the house on April 5.

Motion agreed to.

IMMIGRATION ACT AMENDMENT

Hon. T. A. CRERAR (Minister of Mines and Resources) moved for leave to introduce Bill No. 102, to amend the Immigration Act.

He said: Mr. Speaker, more than two-thirds of the amendments provided by this bill relate to changes necessitated by the reorganization of the department into the Department of Mines and Resources. As hon. members are aware, formerly there was a department of immigration with its own officers such as deputy minister and assistant deputy minister. Under the reorganization these offices disappeared. Under the Immigration Act specific duties were imposed upon the officers I have mentioned, and it is necessary to have certain sections of the act amended in order to bring them in line with the reorganization.

There are some other amendments which I believe could be explained more fully on second reading. As I recall, one relates to the matter of domicile. A Canadian who is absent from Canada for more than six years loses the right of domicile in Canada. That is a hardship, particularly as it applies to missionaries in foreign lands and agents of commercial companies in offices outside Canada. Indeed, in connection with our own Department of External Affairs there may be secretaries or clerks resident in a minister's office in Japan, for example, and under the law if they remain there for more than six years they lose their right of Canadian domicile.

There are further changes relating to the more rigid examination of immigrants entering Canada from Great Britain or European countries in respect of an ailment known as trachoma. There is a further provision for the refunding of deposits made by steamship companies when one of a steamship crew deserts at a port such as Vancouver or Montreal. There is no provision in the law at the present time for the return of the $300 deposit exacted from those companies. In many instances a deserter may drop off one ship and join another in a couple of weeks, but we have no power to return the deposit we compel the steamship company to leave with the department. There are one or two other minor amendments which I shall be pleased to explain more fully when the bill is in committee.

I might say for the information of the house that there is not a single thing in this bill that enlarges in any way the matter of immigration into Canada. The amendments are all of the character I have described and are necessary for the efficient functioning of the act.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

FARM LOAN BOARD—LOANS TO CIVIL SERVANTS

Mr. POULIOT:

1. Are there full-time civil servants of the internal service who have been granted loans on farm property through the Canadian farm loan board?

2. If so, who are they, what is their occupation in the civil service, and what was the amount of each loan?

3. Are they civil servants or farmers?

Mr. DUNNING: The following reply is furnished by the Canadian farm loan board:

1. Yes.

2. M. J. Scobie, supervisor of juvenile immigration, immigration branch, Department of Mines and Natural Resources, $3,500 on first mortgage, $500 on second mortgage.

3. Qualified as a farmer under the Canadian Farm Loan Act.

VALUE OF DAIRY PRODUCTION

Mr. LACOMBE:

1. What was the value of production of the dairy industry in Canada (a) in 1935; (b) in 1936?

2. What was the value of our exports of beef cattle to the United States, (a) in 1935; (b) in 1936?

Mr. EULER:

1. (a) The value of production of the dairy industry in Canada in 1935 was $192,410,423.

(b) The complete data for 1936 are not yet available.

2. (a) The value of our exports of beef cattle to the United States in 1935 was $5,228,040;

(b) The value in 1936 was $8,116,095.

PROSECUTIONS UNDER WEIGHTS AND MEASURES ACT

Mr. LAWSON:

1. What number of prosecutions were conducted in each province by the weights and measures inspection service during the fiscal year ending March 31, 1937: (a) of independent retail grocery stores and meat markets for infraction of section 63 and of section 64, of the Weights and Measures Act, giving number under each section separately; (b) of local chain grocery stores and meat markets for infraction of section 63 and of section 64, of the Weights and Measures Act, giving number under each section separately; (c) of national chain grocery stores and meat markets for infraction of section 63 and of section 64, of the Weights and Measures Act, giving number under each section separately?

2. What were the number of withdrawals and the number of convictions secured in each of the above groups of cases?

3. What were the numbers in each province of prepackaged goods inspected and the results of such inspections as to overweight, shortweight or correct weight, during the fiscal year ending March 31, 1937, by the weights and measures inspection service in: (a) retail independent grocery stores and meat markets; (b) local chain grocery stores and meat markets; (c) national chain grocery stores and meat markets?

Mr. EULER:

1 and 2.

Department of Trade and Commerce
Weights and Measures Inspection Service

Prosecutions

Total number of prosecutions authorized against grocery stores and meat markets		337
Prosecutions for short weight, section 63	198	
Prosecutions for unjust scales, section 64	139	337

Summary of Results

Under Section 63	Independents	Local chains	National chains	Total	
Number of convictions	133	10	11	154	
Number of dismissals	6	..	..	6	
Number withdrawn	11	..	1	12	
Number pending	22	1	3	26	198
	172	11	15	198	

Under Section 64	Independents	Local chains	National chains	Total	
Number of convictions	110	1	..	111	
Number of dismissals	7	..	..	7	
Number withdrawn	12	..	..	12	
Number pending	9	..	..	9	139
	138	1	0	139	337

For results by provinces see attached schedule.

Department of Trade and Commerce

Weights and Measures Inspection Service

Number of prosecutions under section 63 and 64 of the Weights and Measures Act, by provinces showing results: by independents, local chain stores and national chain stores; including meat markets:

	Section 63				Section 64				
	Convictions	Pending	Withdrawn	Dismissed	Convictions	Pending	Withdrawn	Dismissed	Total
Ontario—									
Independent	55	12	3	3	23	..	4	..	100
Local chain	2	..	..	..	..	..	..	..	2
National chain	3	..	..	..	..	..	..	..	3
Quebec—									
Independent	42	7	1	1	78	5	5	5	144
Local chain	3	..	..	..	1	..	..	..	4
National chain	2	1	..	..	..	..	..	..	3
New Brunswick—									
Independent	..	..	2	..	..	..	..	..	2
Local chain	..	..	..	..	..	..	..	..	..
National chain	..	..	1	..	..	..	..	..	1
Nova Scotia—									
Independent	10	..	5	1	4	3	..	..	23
Local chain	3	..	..	..	..	..	..	..	3
National chain	5	..	..	..	..	..	..	..	5
Prince Edward Island—									
Independent	..	..	..	..	..	..	..	..	..
Local chain	..	..	..	..	..	..	..	..	..
National chain	..	..	..	..	..	..	..	..	..
Manitoba—									
Independent	6	1	..	..	1	1	..	1	10
Local chain	..	1	..	..	..	..	..	..	1
National chain	..	1	..	..	..	..	..	..	1
Saskatchewan—									
Independent	3	..	..	..	1	..	..	..	4
Local chain	..	..	..	..	..	..	..	..	..
National chain	..	..	..	..	..	..	..	..	..
Alberta—									
Independent	11	..	..	..	3	..	3	1	18
Local chain	1	..	..	..	..	..	..	..	1
National chain	1	..	..	..	..	..	..	..	1
British Columbia—									
Independent	6	2	..	1	..	..	..	..	9
Local chain	1	..	..	..	..	..	..	..	1
National chain	..	1	..	..	..	..	..	..	1
Total—									
Independent	133	22	11	6	110	9	12	7	310
Local chain	10	1	..	..	1	..	..	..	12
National chain	11	3	1	..	..	..	..	..	15
Grand total	154	26	12	6	111	9	12	7	337
			198				139		
					337				

3.

Department of Trade and Commerce
Weights and Measures Inspection Service
Short Weight Supervision
Pre-packaged Goods

Summary, by provinces, of results of inspection of pre-packaged goods in grocery stores and meat markets, of independents and chain stores, showing number of packages found overweight, correct weight and short weight:

	Number of Packages Found			
Ontario—	Checked	Over-weight	Correct weight	Short weight
Independent	29,879	6,586	17,643	5,650
Chain stores	11,818	4,328	6,714	776
Quebec—				
Independent	36,395	2,615	26,914	6,866
Chain stores	2,802	139	2,388	275
New Brunswick—				
Independent	2,707	1,157	1,409	141
Chain stores	605	213	388	4
Nova Scotia—				
Independent	3,510	765	1,386	1,359
Chain stores	513	250	214	49
Prince Edward Island—				
Independent	995	28	967	....
Chain stores	....	....	....	....
Manitoba—				
Independent	1,686	303	866	517
Chain stores	1,500	496	734	270
Saskatchewan—				
Independent	2,610	790	1,104	716
Chain stores	2,387	1,193	943	251
Alberta—				
Independent	6,861	2,239	3,240	1,382
Chain stores	3,017	2,085	771	161
British Columbia—				
Independent	3,519	756	2,216	547
Chain stores	11,864	4,749	6,432	683
Total—				
Independent	88,162	15,239	55,745	17,178
Chain stores	34,506	13,453	18,584	2,469
Grand total	122,668	28,692	74,329	19,647

Information with reference to local chains cannot be given separately without going over the year's records.

QUESTIONS PASSED AS ORDERS FOR RETURNS

COST OF ROYAL COMMISSIONS

Mr. CAMERON (Hastings South):

1. What commissions were appointed during the administration of the previous government, from July, 1930, to October, 1935?
2. What are the names of the persons who were employed on these commissions, and what were their duties?
3. What salaries, living allowances, and travelling expenses were paid to each of them?
4. What was the total paid to each such individual?
5. What was the total cost of each commission?

Mr. RINFRET: Return tabled herewith.

[Mr. Euler.]

FARM LOAN BOARD—LOAN TO M. J. SCOBIE

Mr. POULIOT:

1. Did the farm loan board of Canada grant a loan to Mr. Melville J. Scobie, supervisor of juvenile immigration, or to anyone else on a farm near Osgoode Station, Ontario (lot 26 or 27, front or first concession of Osgoode township, Carleton country)?
2. Who was the owner or who were the owners of that farm at the time the loan was made?
3. What was the amount loaned, (a) on the farm, and (b) on the stock (chattel mortgage)?
4. When was such loan made?
5. About the same time, did the said Scobie purchase a home in Ottawa, at 13 Oakland avenue, and, if so, was it or is it to the knowledge of the farm loan board?

6. Were there or are there any juvenile immigrants employed on that farm?

7. If so, who are they, and where do they come from?

8. Is the said Scobie a full-time civil servant?

Mr. DUNNING: Return tabled herewith.

CIVIL SERVICE COMMISSION—APPOINTMENT OF FORMER EMPLOYEES

Mr. AHEARN:

1. In filling vacancies to permanent positions which come under the civil service commission, are former employees who were laid off subsequent to order in council P.C. 189-1118, May 15, 1931, due to abolition of positions, and who would seem to possess the necessary qualifications, notified of such vacancies?

2. In the case of the position of purchasing agent, grade 3, for the Department of National Defence, now being advertised, were the qualifications of Mr. James T. Watt, who was purchasing agent for 13 years with the soldier settlement board, investigated?

3. Was Mr. Watt notified of this vacancy?

Mr. RINFRET: Return tabled herewith.

ELK ISLAND—NATIONAL PARK WARDEN

Mr. EDWARDS:

1. Has a park warden been appointed recently at Elk Island National Park, Alberta?

2. If so, when was the appointment made and who was appointed?

3. Was the appointment made by the civil service commission after the usual examination?

4. Was the position advertised?

5. If so, in what publications?

Mr. RINFRET: Return tabled herewith.

CANADIAN BROADCASTING CORPORATION—REPRESENTATION OF RELIGIOUS DENOMINATIONS

Mr. CHURCH:

1. Has the government of Canada or any member thereof received any requests from any of the synods or other representatives of the Church of England in Canada, the presbytery or others of the Presbyterian church, the United church, the Baptist church or any other denomination or person respecting representation on the Canadian Broadcasting Corporation on the same basis as that of one other denomination now represented?

2. If so, from whom?

3. What action has or will be taken?

Mr. RINFRET: Return tabled herewith.

NATIONAL RESEARCH COUNCIL—SCIENTIFIC DISCOVERIES

Mr. POULIOT:

1. At whose request did the national research council work on each one of the 123 scientific discoveries mentioned in sessional papers 183 and 183A of this session?

2. Was the work on each one of the said 123 scientific discoveries supervised by anyone?

3. If so, by whom in each case?

4. If any of said discoveries were made at the request of private individuals or companies, how much did the council receive in each case in return?

MOTIONS FOR PAPERS

PROSECUTIONS UNDER WEIGHTS AND MEASURES ACT

Mr. MITCHELL:

For a copy of all correspondence, letters, telegrams and other documents relating to all prosecutions in the province of Alberta, from November, 1935, to date, under the Weights and Measures Act.

GRAND MANAN SMOKED HERRING SCHEME

Mr. BROOKS:

1. For a copy of all correspondence, telegrams, petitions, reports, briefs, etc., with the Department of Fisheries in connection with Grand Manan smoked herring scheme, organized under Natural Products Marketing Act, 1934, from inception to date.

2. For a copy of all correspondence, telegrams, petitions, reports, briefs, etc. the dominion marketing board has had from time to time with any person or persons in opposition to said Grand Manan smoked herring scheme.

CORONATION OATH

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, last night the hon. member for Broadview (Mr. Church) raised a question with respect to a change in the wording of the coronation oath. If my hon. friend had given me any intimation of his intention to bring up the matter upon going into supply, I would have made it a point to be here to answer his question.

With respect to the changes in the oath I might say that the 1911 and 1937 versions of the oath are set forth in the answer given to my hon. friend on March 3, and they appear in Hansard of that date. The main change is with regard to the description of the peoples and possessions governed by the king. In the 1911 oath the king promised "to govern the people of this United Kingdom of Great Britain and Ireland, and the dominions thereto belonging." In the oath to be taken by King George VI, His Majesty will swear, "to govern the peoples of Great Britain, Ireland, Canada, Australia, New Zealand and the Union of South Africa, of your possessions and the other territories to any of them

belonging or pertaining, and of your empire of India." In other words, instead of using in reference to Canada and the other self-governing Dominions, the words "dominions thereto belonging" the names of the different self-governing Dominions are separately set forth. It was not assumed by the government that parliament would take any exception to that change being made, and it was not thought necessary to bring the coronation oath before parliament for approval with respect to that one particular change.

The hon. member for Broadview stated that the words "defender of the faith" had been omitted from the coronation oath and similar statements have been given publicity in the press. I should like to point out to my hon. friend that those words do not appear at all in the coronation oath and never have appeared in that oath. The words form part of the king's title as settled by the Royal and Parliamentary Titles Act of 1927. With respect to parliamentary action, I may say that in the opinion of the law officers of the crown in the United Kingdom legislation was unnecessary. The opinion of the law officers of the crown in the other self-governing dominions was to the same effect. Our law officers did not feel that legislation was necessary and so the matter was not brought before parliament for purposes of legislation.

With respect to the tabling of correspondence, I would say to my hon. friend that as the correspondence has been carried on with all the governments of the British commonwealth, it would not be possible to table it without their consent. The correspondence has not been tabled in any of the other parliaments. In the circumstances I believe it will not be thought that the correspondence should be tabled here.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I rise to a question of privilege, in view of the answer of the Prime Minister (Mr. Mackenzie King) which does not answer my question at all. This house—

Some hon. MEMBERS: Order.

Mr. SPEAKER: I do not think there is any question of privilege involved.

Mr. CHURCH: I understand—

Some hon. MEMBERS: Order.

Mr. CHURCH: I shall have to ask for a recorded division on the motion to go into supply.

[Mr. Mackenzie King.]

GOLD CLAUSE OBLIGATIONS

PROVISION FOR DISCHARGE BY PAYMENT IN LEGAL TENDER OF COUNTRY WHERE PAYABLE

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure to provide that obligations governed by the law of Canada and payable in gold or in gold coin or in an amount of money measured thereby may be discharged by payment of the nominal or face amount thereof in legal tender of the country in whose money the obligation is to be paid.

Right Hon. R. B. BENNETT (Leader of the Opposition): If we go into committee on this resolution without discussion it is with the reservation that our right to speak on the question of principle involved is not affected and that the approval of the principle is not thereby assumed to be given.

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

Mr. DUNNING: Mr. Chairman, this resolution has appeared on the order paper for some time because of the fact that the government became aware of a certain case being considered by the privy council in London, the result of which might have had a clarifying effect upon the situation with respect to gold payments. The judgment in that case has now been received, and I believe the Minister of Justice (Mr. Lapointe) will be prepared on the bill to discuss the legal aspects of the matter.

It is sufficient, I think, to say at this stage, having regard to the reservation made by the leader of the opposition (Mr. Bennett), with which of course I entirely agree, that the object of the resolution is to clarify a situation which has been in doubt ever since the country officially went off the gold standard. The effect of the legislation will not be to change any existing practice. Since the country went off the gold standard officially, payments have not been made in gold or in gold coin in any case, but there are situations in connection with the provinces, with the dominion, and dominion guaranteed securities, and also corporate securities, which make it desirable that the situation should be clarified so far as it can be clarified in Canadian law.

At the last conference of the provinces, which took place on the occasion of the meeting of the national finance committee, very strong representations were made by the prov-

inces unanimously for legislation clarifying the situation with respect to the gold clause, and in some cases the provinces indicated their intention to take action in so far as it lay within their power as provinces so to do. I think the matter could be much more easily and coherently discussed in detail on the bill to be founded on the resolution. Of course I agree entirely with the leader of the opposition that on the resolution no one should be regarded as committed to the principle of the whole matter, but it will expedite matters materially to get the bill printed to-morrow.

Mr. BENNETT: Mr. Chairman, I regret that this matter has been delayed so long. The judgment of the House of Lords in the case to which the minister refers was that of the King v. the International Trustee for the Protection of Bondholders of a German company (Aktiengesellschaft). The particulars of the decision have been recorded for some time in one of our law reports. The court however proceeded in that case to give judgment upon the basis of the contract to be performed according to the law of the state of New York, in the United States of America, and did not deal with the larger question which we must consider. I would only make this suggestion to the minister, that he look carefully into the question as to how this may affect our position under the arrangement made by Mr. Fielding, the former minister of finance, in connection with trustee securities. It was provided by the agreement which he entered into that if we should enact any legislation which in any way detracted from the character of the securities which had been placed upon the list of trustee securities, the king in council might disallow the legislation. That is still existing, because it was one of the exceptions that had to be made to our general contention when the Statute of Westminster was enacted.

Mr. LAPOINTE (Quebec East): I think it was the only one.

Mr. BENNETT: The Minister of Justice is quite right, as far as I recall, in saying that it is the only one. That may become important. I have been thinking a good deal about this matter, and in view of that very positive undertaking on the part of the Dominion of Canada, which did authorize a disallowance of our legislation if it prejudicially affected the interests of those who held the securities—the securities, at least, that were made trustee securities—I think it would be necessary that the Justice department look into the matter with a little care. That however, in my judgment would not interfere with our enacting the legislation, but I think we would have to make such representations as might become necessary for the purpose of protecting against disallowance in the event of the British government taking the ground that it in any way depreciated or lessened the value of the trustee securities, under the provisions of their statute. I raise that point now in order that the Minister of Justice may have an opportunity to look into it before the bill is considered. So far as I personally and those associated with me are concerned we will expedite the passing of the resolution now, without further discussing it until such time as the bill in detail is before the house.

Resolution reported, read the second time and concurred in. Mr. Dunning thereupon moved for leave to introduce Bill No. 103, respecting gold clause obligations.

Motion agreed to and bill read the first time.

SUPPLY—CORONATION OATH

STATEMENT OF MR. CHURCH ON MOTION OF MINISTER OF FINANCE

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

Mr. T. L. CHURCH (Broadview): Mr. Speaker, last night before you left the chair I asked the government about a matter which I previously brought before the house. Before the Minister of Justice (Mr. Lapointe) had an opportunity of replying to it, another hon. member started another discussion. I do not wish to detain the house more than one or two minutes before it goes into supply, but the answer that changes in the oath are due to a changed status is not, in my opinion, a proper one; it is not an answer at all. I may say that this particular question is one in which, as I said last evening, I disagree with the policy of the government, as I believe a large majority of the people do. I may add that I also disagree with all these secret coronation oath changes.

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

PENSIONS AND NATIONAL HEALTH

Miscellaneous—Veterans' Assistance Commission Act, $400,000.

Mr. GREEN: Before this item carries, will the minister tell us what action the government have taken and what action they propose

to take on the recommendations that were contained in the long awaited report of the Veterans' Assistance Commission?

Hon. C. G. POWER (Minister of Pensions and National Health): Before dealing with the report which I anticipate will be the subject of discussion this morning I feel that, when approaching a subject so involved and so complex as that of the legislation dealing with ex-soldiers which has been placed on the statute books during the past twenty years, it is due to a house which includes in its membership hon. gentlemen who have not had the advantage of following the various changes in ex-soldier legislation that I depart from the rule ordinarily followed in dealing with estimates and give a full explanation of the position of the ex-soldier in Canada to-day and what the government proposes to do to alleviate that condition and to assist him in rehabilitating himself in the position to which he is entitled. I am reluctant to go over ground which has been traversed before, but in view of the misunderstanding and misconceptions not only in this house but throughout the country with respect to this legislation I think that I had better repeat what has already been said, perhaps many times, in the House of Commons.

Let me deal first with pensions. Pensions are awarded by the state to those who were injured or disabled in its service. Pensions are not a grant as a payment for service or even for valour on the field of battle. I may explain to new members of the house that the closest approximation to pensions would be payments under the workmen's compensation act. The men who went overseas and were disabled and returned with a disability are entitled of right to a claim upon the dominion. Of these there are now 79,600 who are drawing pensions greater or less. There are also some 18,000 widows or dependents of the 60,000 odd who fell on the field of battle. Then somewhat akin to pensions but based upon a different principle is what we call the war veterans' allowance. The War Veterans' Allowance Act was based upon an assumption by parliament that he who served for a period in the front line trenches must necessarily have suffered in health, and if his health was undermined to such an extent that he became incapable of earning his living, through physical or mental disability, then he had a claim such as a pensioner might have. The amount, however, is a great deal less and is a fixed maximum sum, $20 for unmarried and $40 for married men. That is to say, under the act we presumed that in some cases service in the front line would disable a man to the extent that he became a care of the state. The number of war veterans' allowances being paid at the present time is 10,995.

Mr. BENNETT: Involving how much money?

Mr. POWER: The pensions involved roughly in this year's estimates $41,500,000, and the war veterans' allowances amount to $4,200,000. Then there is what is called hospitalization. The government of Canada operates eight hospitals and has contracts with a large number of other hospitals wherein are placed those who are suffering from some disability due to war service. Some are being hospitalized for a disability which has been incurred since war service, but in order to be placed on the hospital list they must have been pensionable.

Then there is what is called relief, for which there is provision in the estimates of this year, under item 193, of $2,600,000. Relief is given to pensioners and not to non-pensioners. It is given to those who have a pensionable disability due to war service, however slight it may be; and, speaking again roughly, it brings the amount which they receive from the state of approximately a thirty per cent pension in the case of a married man. An unmarried man receives a total of $18.75 per month even though his disability may be only five per cent, which would entitle him to $3.75. But automatically if he is out of work he can go to the department and draw the difference between his pension and $18.75. If he has a wife, but no children, he gets up to $30, which is approximately thirty per cent of the normal pension. Then the scale of relief rises according to his dependents. For instance, a married man with five children would receive $48; but owing to the regulation which provides that the department will equal the rate paid by the municipality, in the city of Winnipeg he would receive a larger amount for rental and fuel, while in Prince Edward Island the allowance would be lower, depending on the locality. Again, in Winnipeg, where the winters are colder than in Vancouver, he would receive a larger amount for fuel allowance than he would somewhere else. This relief may run up to any amount depending on the number of children, but in no case in any

part of the dominion is the relief recipient getting less than the civilian is receiving from the municipality to which he belongs.

That brings me to the question at issue. There is on the statute books ample legislation to look after the returned man who has a disability. I do not mean to say that every man who thinks he is entitled to a pension is receiving one, nor do I mean to go even so far as to say that every man is getting as much as he thinks he is entitled to by way of pension; but I do say that there is legislation which will permit every man who was injured in the service of Canada to get that to which he is entitled according to the ordinary rules of common, every day justice. These payments to those who suffered through disability in the great war have cost the country up to the present a little over a billion dollars. That is not taking into consideration the interest on the money or the amount of money involved in the soldiers' land settlement scheme, approximately $167,000,000.

Mr. BENNETT: It does include administration costs.

Mr. POWER: It does include administration costs, as my right hon. friend says. It also includes—and before I go any further perhaps I had better deal with that point, because there is an agitation arising throughout the country—what was known as the war service gratuity, which was in effect a bonus. In my own province, in some of the eastern provinces, and I anticipate in some of the western provinces, there is arising an agitation, possibly strengthened by what has happened in the country to the south, that every man who served in the war should receive a bonus for his service. As far as I am concerned I consider that matter was closed in 1919 and 1921, when $163,000,000 was paid out to soldiers for the services which they rendered overseas, in order, so to speak, to compensate them for loss of wages. A mechanic, for instance, instead of getting $1.10 a day in the army might have got $3 a day at home. It was paid in cash on the basis of the length of service overseas and length of service in Canada and in England, and I do not believe the Canadian people or this House of Commons would wish to reopen the question of bonus. I mention it here only because I am invited to speak to-night to a meeting in my own province of people who are agitating for a bonus which would amount to so many thousand dollars for every man who served overseas.

The question at issue is altogether different. Every government since the war, whether headed by Unionists, Conservatives or Liberals, has drawn a very broad line of distinction between the man who suffered a disability and the man who did not. Those who were discharged as fit and who have not since been able to show that their present disability, whatever it may be, is due to their war service, have not been considered a responsibility of the federal government. By two commissions, one the Hyndman commission, and latterly the veterans' assistance commission, which was appointed by myself and for which I take full responsibility, the recommendation has been made that non-disabled soldiers should be taken on as a federal responsibility merely because they were soldiers and in distress. That is the question which I think we must discuss to-day and to which an answer must be given as clearly and as definitely as I can give it.

Mr. BENNETT: The minister might have mentioned also the preference given to them as civil servants.

Mr. POWER: I had not thought of that. In 1919 when the Civil Service Act was revised and put in its present form a very broad preference was given to returned soldiers, because it was considered that perhaps they would not be able to compete in ordinary civilian life with those who had remained at home during the war. That preference has to a large extent been observed. There have been here and there charges that patronage has entered into questions of appointment, and I do not wish to deny it either for those who sit opposite me or for those on my side.

Mr. BENNETT: The preference was particularly valuable to disabled men.

Mr. POWER: At the present time I think it is less valuable because as they grow older they are becoming more and more unable physically to fulfil the duties of the positions for which they apply. Out of that arises an agitation that nothing is being done for the returned men. Take for instance a returned man who has lost an arm or a leg and who receives probably $75 or $80 a month pension. He applies for a position as elevator man. He might not be a competent elevator man, and the minister in charge of the department could very properly say: After all, the elevator must be manipulated by someone and unfortunately I cannot take this man on. On the other hand, I have heard the criticism from many hon. members in this house, and we have it throughout the country, that it would be far better if those men who have had that preference and who are now enjoying fairly remunerative positions in the civil service were to take their pension and retire from the service. As a matter of fact—and

I hope my right hon. friend will pardon my making reference to it; I do so without any intention of criticizing his action—in the 1933 budget speech it was suggested that persons in receipt of pensions who held good civil service positions should relinquish either their pension or their civil service position. And, speaking in a political sense, if my right hon. friend had insisted on his original proposal, I am convinced as a politician that it would have met with a better reception from the country than his withdrawal of it. I will give an example. In a small country town in Prince Edward Island, New Brunswick or Quebec, is a man drawing $40 a month, a pension which is a fairly reasonable living allowance in such communities. A post office position is open, and he makes application for it. On account of his disability, and perhaps being the only disabled returned soldier in the parish, he obtains the job. Naturally the rest of the people in the parish are not satisfied. There is no question about that. I think perhaps when my right hon. friend reflected further on the matter he came to the conclusion that an agreement of some kind had been made with the returned men that their disability should not be used against them in employment, and that in all probability if the government were to set the example of so-called discrimination against pensioners it would flow all down the line and might affect their ability to obtain positions in civilian life.

Mr. BENNETT: My memory is that the voice of the minister was not raised in support of the proposal.

Mr. POWER: The minister's voice was not raised because he was in rather a difficult position. He himself was drawing a pension of $62 a month and considered himself still quite capable of carrying on his duties as a member of parliament and drawing therefor the sum of $4,000 a year.

Mr. BENNETT: And he is now a minister of the crown.

Mr. POWER: Unfortunately, as a minister of the crown, to such an extent was he subject to outside influences that he abandoned that pension, of which he was very proud when he returned from overseas, and for the abandonment of which he sees no justification to-day.

Mr. BENNETT: Hear, hear.

Mr. POWER: It was only to meet the so-called public clamour of those who say that if you are disabled to some extent you should not hold such a position.

[Mr. Power.]

Mr. BENNETT: I did satisfy myself that there had been a tacit understanding between the government of the day and the returned men that they were to be treated as he has suggested.

Mr. POWER: Yes, that is correct. I hope my right hon. friend understands that when I bring this matter to the attention of the committee it is only in order that the explanation I am giving shall be broad, clear and complete on the records of the house, and there may be no misunderstanding. In my mind there is no criticism of the action taken by my right hon. friend or of his reactions to the representations made to him.

What we have to face is this: The commission appointed by myself reported that throughout the country there were a large number of ex-soldiers who were not pensioners, who were not disabled in the sense I have mentioned, who were not entitled to pension, to war veterans' allowance, to relief, or to hospitalization, but who were in distress. In the interim report there was the following recommendation:

That consideration be given immediately to this problem—

That of unemployed, non-pensionable ex-service men.

—with a view to making an endeavour to relieve temporarily the acute distress of ageing unemployed veterans, particularly those who saw service in a war zone.

I think the committee will agree with me that very naturally, having suggested that a committee be appointed to tell me what to do, I asked that committee what consideration should be given, and wrote them a letter to that effect. After considerable correspondence the following definite recommendation was made—

That should an ex-member of the Canadian forces who has seen service in a theatre of actual war; or an ex-member of the imperial forces domiciled in Canada prior to January 1, 1930—

And I would ask the committee to take note of that date.

—who has seen service in a theatre of actual war during the great war, who is not in receipt of a pension, be in receipt of relief from the municipality, city or province in which he resides of a lesser amount than the basic rate of the Department of Pensions and National Health, the department be authorized to supplement municipal, city or provincial relief by a grant of unemployment assistance to an amount not exceeding $10 per month for a married veteran, with dependents, and $5 per month for an unmarried veteran, with the proviso that if the amount of unemployment assistance to be paid by the department in order to bring the municipal, city or provincial

relief up to an amount equal to the basic rate of the department is less than $10 per month for a married veteran and $5 per month for a single veteran, then the lesser amount shall be paid by the department.

These recommendations embodied two principles. The first is that the unemployed non-disabled—and I use that expression wishing to call back to the minds of hon. members the fact that the disabled men are looked after, in so far as any legislation of this country can look after them—the unemployed non-disabled who has no established or presumed claim for service disability, and who up to the present has been considered a municipal or provincial responsibility, similar to any other class of the population, because he is unemployed and because it is alleged that municipal relief is not sufficient, should now have this municipal relief supplemented from the federal treasury.

That is the broad principle, and there is a secondary principle with which possibly I might deal at this time, namely that those who did not serve in the Canadian army, who were not residents of Canada prior to the war, who were not domiciled here, who had no connection whatsoever with this country but who have arrived here since 1924—that is, after ten years subsequent to the outbreak of the war—should now be taken on as a responsibility of the federal government and be given relief on a different scale and in a different manner from that applicable to ordinary citizens who were born, domiciled or naturalized, in Canada prior to the war.

With respect to that principle, in so far as imperials are concerned I think hon. members will agree that we have no responsibility whatsoever to those who came here long after the war, and that it would be the acme of imperialistic jingoism now to take them on as wards of the Canadian people. To the questions which have been put to me by returned soldiers' organizations from coast to coast and which, in the course of the next summer, I hope to be able to answer personally, I say that so long as I remain minister of this department those imperials should look to their own government and not the government of Canada for any assistance in addition to that which they receive at the present time. At present they are treated exactly in the same way as any ordinary Canadian citizen, and I doubt very much whether any important section of the committee or the country will ask that they be treated differently.

With regard to the Canadian non-pensioner, for the moment I do not wish to go into details with respect to the recommendations. An examination of them will show that it is not proposed, either in the majority or in the minority reports,—because there were two of them—that all those who wore a uniform and are unemployed should at present be placed on federal relief. Generally speaking, looking over the country from one end to the other, those who are residing in cities of less than 25,000 population, where the relief scale is low, would, if the recommendation were carried out, have their relief raised to the departmental relief scale. In cities such as Montreal, Verdun, Toronto, Winnipeg, Oshawa, Windsor, Brantford and Kitchener the municipal scale is higher than the basic rate of the federal government. The veterans residing therein would get nothing whatsoever out of this recommendation. As laid down in the recommendation, those in smaller centres would receive an additional amount. For instance, in Saskatoon I believe the amount to be paid to a non-disabled non-pensioner would be eighty cents a month in addition to the amount he receives from the municipality. That is to say, the department would have to set up machinery to pay eighty cents a month to persons living in Saskatoon who served overseas. And so on down the line, in numerous other cases, where municipal relief payments are exceedingly low, undoubtedly $10 per month would be paid to married men and $5 to single men.

To my mind, however, that does not touch the general principle. Long experience in dealing with returned soldiers' problems I think has taught all of us here that once the door is opened there is no closing it. Assuming that this house were to accept the recommendation of the commission, which according to the secretary of that commission would involve an extra expenditure of only a million dollars per annum but which would give nothing to any of the larger cities of this dominion except Vancouver, does anyone in this house believe that the ex-soldiers in Toronto, in Winnipeg, in Calgary and in other cities would not say, "What are we going to get out of this?" Immediately there would be reiterated demands, extremely difficult of refusal by politicians such as we are, that all the soldiers of this country, whatever their municipal status, be made the wards of the federal government. Again I repeat that as yet this principle has not been accepted by any government. I am asked to say definitely, clearly and formally what my stand is on this question, and my answer is no. So far as I am concerned, as long as I remain minister of pensions in this government I cannot and will not recommend to my colleagues that service alone—and however you put it

that is what the recommendation amounts to —shall establish a claim on the Canadian people for special treatment beyond that given to ordinary civilians.

Lest I be accused—as possibly I shall be—of setting up straw men in order to knock them down, I need only go back over the history of pension legislation, and I think hon. members who have been long in the house with me will know that I have followed it fairly closely. Time after time particular cases have been brought before this house or before committees, in relation either to types of cases or to particular individuals, and because of the sympathetic view taken by the house or the committee we have passed legislation. That has been followed by hundreds and, I may say, thousands of cases without merit at all but in which, because the legislation was made broad enough to cover some individual cases, the claimants were allowed to draw pensions or relief from the Canadian government.

The proposal suggests also that the relief be only temporary. I dislike to refer again to the political nature of this house. Let the relief be temporary for the fiscal year 1937-38. Does anyone think any minister of the crown will have the courage in 1939, the year before an election, immediately to cut off all relief? Or, if he does not do it in 1939, I am absolutely convinced that in 1940 not only will he not cut off relief; he will probably ask that it be augmented. We might as well face these facts. Probably I will be accused of saying that the suggestion is for general pensions, and that this is not so. But I am giving my own view from, as I said, a long period of study of this question, and in my opinion it will be extremely difficult for any member of parliament, either the year before or two years before any election, to say we shall not give relief to soldiers.

Then in municipalities where the federal government would make this contribution of, say, $5 to single men and $10 to married men, knowing the financial plight of most of the municipalities and particularly those which will be affected, that is to say, those with a population of less than twenty-five thousand, is it not conceivable and even probable that the first thing to confront us will be a demand on the part of these municipalities through their councils—and already I have received many—that the federal government take over all relief? There will be a divergence of opinion as to whether John Jones should receive $10 or $15 from the municipality when he is getting $10 from the federal government, and immediately they will say, "Why should not the federal government pay it all?" I doubt very much whether any hon. member of this house will take exception to that statement.

I have already said that it would be expected that returned soldiers in the municipalities not affected by this recommendation would immediately ask that they also should receive something out of this gratuitous distribution of federal money. So, though I anticipate that my statement will be challenged, I take it that if we accept the principle laid down the additional charge to this country will not be $1,000,000 annually, as suggested, but $10,000,000 or $12,000,000 annually. In arriving at that figure I am taking into consideration the fact that at the present time, under departmental relief given to pensioners to supplement their pensions, we are expending some $2,600,000. Taking into consideration the number of 19,000 reported by the commission and the fact that those men now have no pensions to be supplemented, I would say that at any rate $10,000,000 in addition would be putting the figure reasonably low. That would add this amount to our present pension expenditure of about $56,000,000, and we must remember also that the war veterans' allowance vote will increase annually until in 1959 we will expend $12,000,000 under that one heading alone.

Therefore I think I am fair, though I quite expect a large number of returned soldiers throughout the country as well as many hon. members of this house to disagree with me, when I assume that in the long run this recommendation means something equivalent to a pension or a payment of some kind for every man who wore a uniform simply because he served in the Canadian army and not because he incurred any disability during that service.

Up to the present every reputable returned soldiers' organization has resolutely set its face against the general principle of service pensions. I should like to quote what was said by Sir Arthur Currie when he appeared before a pensions committee in 1930:

> In the matter of pensions and hospitalization, vocational training and gratuities, Canada has done well.
>
> No fault can be found with the scale of pensions.

At that time the amount expended on pensions was not as high as it is now. I continue:

> That is higher than in any other country of which I know.
>
> We must recognize, gentlemen, that there are many men who can never be provided for by any pension act. I, for one and as a citizen of this country, speaking for the great

mass of returned soldiers, say that I am not agreeable to having any legislation enacted which makes every man a potential pensioner. That is not right, and the returned men do not ask for it.

I quote Sir Arthur Currie because I know of no man who holds more of the respect, admiration and esteem of the returned men in this country. I have tried to indicate that in spite of the fact that the organized veterans have not asked for what they call general pensions, there have been suggestions, pleas and even demands from those who decry service pensions asking for something which, to my mind, is tantamount to service pensions. I quote a resolution of the Canadian legion made to a committee of the cabinet in January, 1937, as follows:

> That relief be immediately granted to all unemployed ex-service men who saw service in France, the minimum basis of such relief to be not less than that recommended by the Hyndman commission at page 16 of the report.

I know the authorized spokesmen of the Canadian legion will not agree with me, but I can see no difference between placing these men on relief and giving them service pensions. I have explained already that I cannot and will not recommend to my colleagues in the cabinet that any such policy should be embarked upon.

Having said what I cannot do, I should like to explain to the committee what I should like to do. There has been established throughout this country under the jurisdiction of the Veterans' Assistance Commission a large number of voluntary committees. These committees have been set up in almost every city of the dominion and are composed of men holding high positions in the life of the community who are interested in the returned men. The membership of these committees is made up of industrialists, lawyers, doctors, ex-soldiers and others, some of whom for the first time since the war, have realized that we have a problem in finding work for our former comrades. They are doing that. The voluntary committee in Montreal has been organized into what is called Workshops Limited. Before this organization was a month old it had placed 100 men in positions. That may not seem a very large number, but all the researches and classifications of the Veterans' Assistance Commission up to the present show that only 15,000 odd unemployed ex-soldiers have answered the questionnaire. The employment commission also sent out questionnaires which were answered by only 23,000 odd veterans. I would say roughly that the problem which we have to face is made up of about 20,000 unemployed ex-soldiers who are not being cared for by some agency of government. I think that number would be near to the maximum.

Mr. BENNETT: I suppose the minister has no idea of the ages.

Mr. POWER: Yes I have.

Mr. BENNETT: I do not want to interfere with the sequence of the minister's statement; he can give it to the committee presently.

Mr. POWER: There is still $400,000 left of the $500,000 which was voted last year, and I propose to use this money and if possible to obtain some additional amount to set up these Workshops Limited across the country, to be headed by prominent citizens in the different localities who will interest themselves in obtaining employment for ex-soldiers. In this connection I shall ask this house to give some further financial assistance.

With respect to the ages, perhaps I had better quote from the report of the commission, as follows:

Number of national employment commission forms signed by veterans in urban areas		19,694
National employment commission forms signed by veterans in rural farm areas		2,479
Veterans' assistance commission forms signed by veterans in New Brunswick	653	
Proportion of unemployed veterans in New Brunswick who failed to complete forms	226	
		879
		23,052

There is a footnote to the effect that New Brunswick did not supply registration service for the employment commission, and that it is presumed that veterans living on their own farms and registered as in rural farm areas would not benefit under any scheme of payment of extra relief to non-pensioners, because of benefits received by them from their farms. From this figure of 23,052 would be deducted 2,479 registrations in rural areas, which would leave a total of 20,573. A further deduction of 4,305 would be made for those veterans who saw service in Canada and England only. These figures are estimated, and there would be left the estimated number of veterans who saw service in the theatres of war and who are in receipt of relief from other than departmental sources. This total is 16,268. The estimated number of married veterans is given as 12,046; the estimated number of single veterans, 4,212, making a

total of 16,268, which according to the commission should be looked after. The estimated expenditure would work out as follows:

Married men, 12,056, at say $10 per family	$120,560
Single men, 4,212, at say $5 per family	21,060
	$141,620

Owing to the fact that the rate of relief paid in the following towns equals the basic rate of the department, it is likely that the above mentioned estimate should be reduced by 4,000 or more married men, making $40,000; so that the total cost would be in the neighbourhood of $101,000 per month. The towns named are Montreal, Calgary, Oshawa, Toronto, Windsor, Regina, Kitchener, Edmonton and Winnipeg, leaving, of our large cities in this country, possibly Halifax, Saint John and Vancouver veterans who would benefit by this recommendation.

Mr. GREEN: May I ask the minister a question at this stage? Does not the figure of 23,062 comprise only those ex-soldiers who are getting relief from cities, municipalities and provincial governments? I have always understood that the total number of unemployed ex-soldiers is about forty thousand.

Mr. POWER: My understanding before the commission reported to me was that there were between forty and fifty thousand, but that was a guess or an estimate made by members of the Canadian legion without having gone into the figures, and submitted to the Hyndman committee. I believe I am absolutely correct in making that statement, though I must qualify it so far as it implies that the 23,000 who reported would be all who are on municipal relief. And I should perhaps add that a fairly large number of ex-soldiers who have become more or less tired of committees and commissions paid no attention to the questionnaire forms, and probably did not answer at all.

Mr. GREEN: Is it not a fact that in addition to these there would be many thousands who are unemployed and yet not on relief?

Mr. POWER: Yes, I would say so. My hon. friend as a member of parliament is unemployed but not on relief; and so am I.

Mr. GREEN: I do not think I am unemployed.

Mr. POWER: After all the problem that faces us is this. There are now in this country, roughly, 400,000 ex-soldiers. Of these, 100,000 are being looked after in some way or another by the government. Of the remaining 300,000 there are about twenty-three thousand who may be assumed to need assistance. But my contention is that if you look after those twenty-three thousand you open the door for another hundred-odd thousand who will say, "If my friend Bill Smith, who fought alongside of me in the trenches at Vimy, is going to get fifty or sixty dollars a month from the government, why the devil shouldn't I?" And I would not blame him.

My right hon. friend has asked me to give the age distribution of these men. Those from 35 to 39 years of age—and perhaps this will astonish the committee—number 3,250. I may remind the committee that these men must have enlisted when they were far below the military age. From 40 to 44, 4,693; from 45 to 49, 3,425, and so on till I get into the category 50 to 59: from 50 to 54, 2,950, and from 55 to 59, 1,950.

With respect to these younger men, of whom about 7,000 are approximately forty years of age or under, I think the committee will agree with me that, whatever has been done for them since their return, they have not had a real chance to rehabilitate themselves, and that it is our duty to train these seven or eight thousand men, if it can be done after twenty years of more or less adverse circumstances, to come back to useful positions in the community. I propose to ask the house to vote a certain sum for what we call probational training—not vocational training, which implies, as some hon. members know, anything from sending a man to university for four years to sending him to school and teaching him to be a carpenter or other mechanic. On that work we spent after the war $27,000,000. We trained in that fashion forty-three thousand ex soldiers, of whom more than sixty-four per cent carried on for six months or more. A follow-up was instituted a year or so afterwards and it was found that over sixty per cent of those who had been trained were still on their jobs. That follow-up was not continued after 1922. I propose to ask the committee to vote a certain sum of money which will be placed at the disposal of the commission, and particularly of the voluntary assistance committees in the various cities, for use when they find a position for a man, and not before. It is not for the purpose of putting him on pay, as was done after the war. As a matter of fact, if I may digress for a moment, under the vocation training system a man might receive $150 per month while in training to be, for instance, a carpenter.

Mr. BENNETT: That is included in the $27,000,000.

Mr. POWER: Yes. But he could not get a job at $150 a month as a carpenter after he got through, so it paid him better to keep on being trained. I purpose to ask the committee to vote a certain sum of money which shall be placed in the hands of these reputable, competent men in the different cities throughout the dominion, and when they have found a man a job he will be reconditioned and retrained to the point where he can take his place in ordinary civilian life. Apart from that we shall continue to the best of our ability the work which is now being undertaken, and which is proving fairly successful, of finding employment for the ex-soldier. The contention I have already made, and I repeat it now, is that the wrong way to go about this would be immediately to give them assistance for doing nothing, when at the present time, owing to good luck, good fortune or good government, we are getting out of the throes of the depression. I believe it would be the height of folly to set up an entirely new direct relief agency under the aegis and jurisdiction of any department of this government. Much can be done by re-enlisting sympathy—and there is a large amount of sympathy throughout this country for the ex-soldier—in favour of the man who can work and wants to work, of training the man who had no opportunity or possibly who wasted his opportunity when he came back from overseas. I believe that by following these lines, by educating our ex-soldiers to the understanding that this parliament, no matter how strong the pressure brought upon it may be, is not going to give handouts from the public treasury but is willing to assist those who are willing to help themselves, we can accomplish very much.

There is one other argument I wish to develop, and perhaps this will appeal more to my hon. friends in the corner than to any other section of the house. The men who went overseas in 1914 were to a very large extent civilians. They were not soldiers; they had not that militaristic spirit to which my hon. friends object. Civilians they were when they joined the army and civilians they were when they returned, and except those who were injured in their country's service, civilians they should continue to be. I do not think we should set up, as is proposed by different agencies and possibly by some members, a new militaristic class in this country. And may I say that all the brass hats are not among those who wear the crown and star or crossed swords and batons; for there are those who served in inferior positions in the army, and who, because they were in the army, despise the civilian population. I believe that to encourage that spirit in Canada is un-British and it would be un-Canadian. We do not wish to set up, as there have been set up in other countries, Sons of the Legion, Daughters of Ypres, Descendants of Armentières, people who year after year, generation after generation, believe that because their fathers or forefathers did their duty by their country they themselves are entitled to more than anybody else in the civilian population.

Mr. H. C. GREEN (Vancouver South): The minister has said that there are about 300,000 returned soldiers in Canada who are not receiving assistance of any kind from the government.

Mr. POWER: May I check that by saying 350,000, who served in the Canadian army. I am not speaking of imperials.

Mr. GREEN: It does not matter what the number is. The fact is that the great majority of men who served in the Canadian army overseas have been able to reestablish themselves in Canada and have been carrying on for many years and have rendered great service to the nation. They have been a stabilizing force from the minute they got back, and the minister is quite wrong when he suggests now that there is any danger of a militaristic class growing up from that group. I believe that no group of Canadian citizens to-day hate war more than the returned soldiers do, and it is unfair for the minister even to suggest that there is any danger of a militaristic class growing up among Canadian returned men.

If we face this question from the point of view of these returned men who have been fortunate enough to reestablish themselves we shall not go very far wrong. They are asking nothing for themselves; they are carrying on, doing their bit as citizens of Canada. But they are asking that their comrades who were disabled and who are handicapped to-day should be given some consideration. That is all they are asking, and I put that point of view more particularly before the hon. members who were too young to serve overseas. I realize that more and more of these younger men will be coming into this house as the years go by, and I hope that they will always bear in mind that this is what the returned soldiers of Canada who are reestablished ask for their comrades—simply that those who are disabled and handicapped should receive consideration from Canada.

Over two years ago the soldier organizations pointed out to the government that the principal soldier problem facing the nation was what should be done about the

unemployed war veteran. To-day that remains the principal soldier problem. But in the meantime, during these two years, the subject has been carefully studied not only by the soldier organizations, but also by the Hyndman committee in 1935, by a special committee of this house on pensions and returned soldier problems in 1936, and now by the war veterans' assistance commission appointed by the present government. All the facts have been brought out and the time has come for this government to tackle the problem. Instead, I am afraid it is running away from it. I would not accuse the minister of running away from anything, because he is not that kind of man; but I repeat that the government is running away from this problem, because while it is doing something to help the employable veteran to get work it refuses to face the question of his care and maintenance until he gets that work; and it refuses to recognize—

Mr. POWER: They don't refuse; they say "no."

Mr. GREEN: Well, the government refuses to recognize that thousands are unemployable. The minister in his remarks has said nothing about the thousands of these unemployed veterans who are unemployable, and he has failed to announce a policy with respect to unemployable veterans. This is strange in view of what has been said and done from time to time during the last two years. I would refer first of all to the order in council appointing the Hyndman committee in March 1935. This order in council recommended in paragraph 2:

> Pursuant to the foregoing, the minister recommends . . . . . That the said committee be empowered to carry out an investigation into existing facilities for the provision of employment for ex-service men, for care and maintenance while unemployed, and to report thereon with such suggestions or recommendations as may be deemed advisable.

That was two years ago. Then in 1936 this parliament passed the Veterans' Assistance Commission Act. Let me quote paragraph (a) of section 6:

> The commission shall,
>
> (a) carry out as soon as possible an investigation to ascertain the extent of unemployment among veterans in Canada, and classify those who are unemployed according to physical and mental capacity or incapacity—

I emphasize those words "or incapacity."

> —to undertake gainful employment in restricted and unrestricted occupations, and in any other categories which, after the investigation, the commission may consider applicable.

[Mr. Green.]

Then paragraph (e):

> investigate into existing facilities for the care and maintenance of veterans while unemployed and report thereon with such suggestions or recommendations as may be deemed advisable.

These were the instructions which this parliament gave in providing for the setting up of the veterans' assistance commission. The minister, speaking in this house on January 19 of this year, as reported at page 96 of Hansard, said with regard to this phase of the problem:

> As more and more become unable to cope with the ordinary competition of civilian life they will have to be looked after, somehow or another. Personally I have never cared to think of opening old soldiers' homes in this country. I do not think the Canadian people want them; I do not think the old soldiers themselves want them, but I am bound to say to the committee that the time will come when some measure or another will have to be taken to look after those who gave good service to the country at the front and who are unable to look after themselves otherwise.

Then at page 98—this is the minister speaking:

> I repeat, however, that in spite of that something will have to be done for those who are no longer able to obtain employment. I doubt very much whether we shall do it by a system of general hand-outs, such as I have just indicated, but something certainly will have to be done. It will be the duty of this parliament to work out the problem in a manner satisfactory to the Canadian people.

Then I quote from the report of the commission at page 7—and this is from the portion of the report which is unanimous:

> Industrialists, whilst indicating that if trade continues to improve, there might be employment in some degree for the older type of veteran skilled in a craft, as well as for the younger trained men, they did not hold out much hope for the older man who is classified as unskilled. We have every reason to believe that it will be found that two-thirds of the unemployed ex-service men come under the heading of "unskilled labour."

Then lower down on the same page:

> It is likely that about one-third of the men who signed our questionnaire forms will prove to be fifty years and over in age.

On page 4 there is an analysis showing that a large percentage of these men are unemployable:

> The average age of the 759 registrants was 49·1 years. In view of the fact that it has been represented to the commission that a great many industries insist on an age limit of as little as twenty-five years when taking on new employees, this age of veterans presents an arresting and disturbing situation, to say the least.

And lower down:

Despite the continued paralysis of the building trades and the hope that their revival will put a great many of those presently unemployed into active work, there were only two bricklayers in this Edmonton list of unemployed veterans, only one stonemason and only twenty-three carpenters. On the other hand, there were 278 labourers, 72 clerks, and 72 listed as unfit. In other words, over half the total group had a type of training that made any competition with men thirty years younger a rather hopeless struggle.

Then on page 5:

How many unemployables there are will be difficult to determine. In Regina, Saskatchewan, the veteran organizations had a medical examination made, and it is estimated that out of the 406 cases examined, at least 126 would be classified as unemployable.

That means that in that particular city over thirty-one per cent of the unemployed war veterans are unemployable. The commission goes on to state that:

An interesting report was presented by the Canadian Legion in Ottawa, where the organization operates a hostel for homeless ex-service men. A total of 168 men were examined by medical men. Of these 90 were certified as fit or suitable for full time sheltered employment. The balance of 78 were found to be fit for no employment at all, or only for light and sheltered part time employment.

Their report on this particular phase of the problem may be summed up in their recommendation on page 16:

We feel that things should not be left as they are, and some definite decision in respect to the future of the unemployables will have to be considered and recommended.

Now the commission cannot help these veterans. Industry and business cannot absorb them, because they are unemployable. They will never be able to work. If they are to be helped at all it must be by the government. The government and the government alone must decide what is to be done about the unemployable war veteran. Apparently the government intend to do nothing and have no plan, although it is quite clear that the veterans' assistance commission, the veterans themselves, and the people of Canada have been led to believe that the government of Canada would do something about these unemployable veterans.

I have a suggestion to make to the minister in regard to these unemployables, which I hope he will consider seriously. I can see no reason why the situation could not be met in part at this session by amending the War Veterans' Allowance Act, by extending the third classification of those eligible for war veterans' allowances which was set up last year, to make it include front line veterans from fifty to fifty-five years of age, as well as those from fifty-five to sixty, who were provided for last year. In other words I suggest that the third classification be made to cover a ten year age group instead of a five year age group. The War Veterans' Allowance Act would then provide for the two classes of veterans who have been covered from the start, those over sixty and those under sixty who are permanently disabled by reason of physical or mental disability. The main feature of course of the latter classification is that the applicant must be permanently disabled. If the act is amended as I suggest it would cover under the third class those veterans from fifty to sixty—and these are the key words—who are incapable of maintaining themselves. They do not have to be permanently disabled; they merely have to be incapable of maintaining themselves because of disability, pre-aging and general unfitness. This third class must have served in a theatre of war, whereas in the two other classes pensioners who served only in England or Canada are eligible, I understand, for the allowance.

Last year when this third class was set up some of us urged that it cover a ten year group instead of a five year group. The minister opposed that, claiming that he wanted to test it out on the five year group first, veterans aged from fifty-five to sixty. Apparently the amendment of last year has worked out satisfactorily. I quote the minister's statement on that point from page 1336 of Hansard. I asked the question:

Has that new classification caused any administrative difficulty?

Mr. Power: Well, it brought a flood of applications.

Mr. Green: One would expect that, but has it caused any serious administrative difficulty? Has it weakened the act at all?

Mr. Power: Naturally the members of the board were obliged to use their discretion more than before, but I think they have managed to give a fair degree of satisfaction. I have not heard any serious complaint, and I do not think my hon. friend has or he would have told me about it.

Mr. Green: The new arrangement then is really quite workable.

Mr. Power: It seems to be.

Six or seven hundred veterans or perhaps more, of ages from fifty-five to sixty, have been granted war veterans' allowances under the amendment of last year, at an average cost, as the minister said during the discussion in February, of $30 per month. I urge most strongly that at this session, even though discussion of this report of the veterans' assistance commission has been delayed by the

government to this late date, the government bring in an amendment to the War Veterans' Allowance Act, section 4, by changing the word "fifty-five" to the word "fifty." That is all that will have to be done—a very simple thing.

Mr. POWER: How many would that take in?

Mr. GREEN: I am coming to that. If necessary the minister could put through an amendment to provide for further appointments to the War Veterans' Allowance Board.

Mr. MACDONALD (Brantford): Do I understand the hon. member to suggest that they must be front line men?

Mr. GREEN: I said front line men, meaning by that the definition in the act—veterans who have served in an actual theatre of war. That is the qualification at present for those who come under the amendment of last year. My hon. friend will remember it applied only to those who had served in an actual theatre of war.

After all there is very little chance of a veteran ever getting work who at fifty years of age is found incapable of maintaining himself. If he did his allowance could be stopped, because each individual case is carefully considered by the War Veterans' Allowance Board. In practically every case these veterans are on relief and at the present time the government is paying the major part of the cost. An extension of this clause to cover veterans from fifty to fifty-five years of age would not involve any change in the principle established by the act; it would remove from the labour market a group who are competing, and competing hopelessly, with the young men; it would provide for at least a thousand of these unemployables, and I think it would raise the morale of all the unemployed veterans in Canada.

As for the care and maintenance of the unemployed veteran until he gets work or, if he is unemployable, until he is otherwise taken care of, it is also quite obvious and the minister has made it very clear that the government do not intend to do anything in spite of the warning of the veterans' assistance commission at page 17 of the report, as follows:

> That consideration be given immediately to this problem with a view to making an endeavour to relieve temporarily the acute distress of ageing unemployed veterans, particularly those who saw service in a war zone.

The commission were unanimous in recommending that temporary assistance be given to those unemployed war veterans not in receipt of pensions who served in an actual theatre of war, and in the case of imperial veterans who came to Canada before 1930. They divided on the form of such temporary assistance. The chairman of the commission, in his minority report, recommended that a limited sum should be made available to the Department of Pensions and National Health which, after due investigation, could be used to relieve this need and distress, and he set this sum at $200,000. That means giving that amount to the department to distribute, saying nothing as to the basis of distribution, and I think the suggestion is entirely impracticable. The majority, as the minister has said, recommended that the government supplement relief now being given non-pensioners by certain municipalities and provinces. Many of the cities and towns are now paying as much as or more than the basic rate set by the department, so that no expenditure would be involved in those particular cities and towns. In fairness to the commission I think it should be pointed out that the Hyndman committee recommended the same type of assistance, and went even further in that they set no limit of $10 per month for a married man and $5 for a single man, and they included Canadians who had served in Great Britain and in Canada—the assistance was not confined to those who had served in an actual theatre of war; and they recommended that the supplementary relief be given to imperials who came to Canada before 1935, not 1930.

I realize that it is for the government to decide whether or not these recommendations are to be accepted. The entire responsibility rests on the government, and apparently they are rejecting both the majority and the minority recommendations. But the reason given to-day by the minister, that the recommendations mean service pensions, requires looking into. I am afraid it is a smoke screen, a bit of camouflage, put out because service pensions find little favour in Canada. A service pension really means a pension to all who served, whether or not they were disabled overseas, whether or not they were burnt out overseas, whether they are working or unemployed, whether employable or unemployable. The only basis is service. On the other hand both the majority and the minority recommendations of this commission call for assistance that is restricted in its application and of a nature similar to the forms of soldier assistance that have been given by Canada for many years. To indicate this I have only to point out the different forms of assistance that Canada is giving to returned soldiers at the present time. First

of all we have pensions given for diability attributable to service, and of course the pensioner must always get first consideration. Then there is relief or assistance to small pensioners in order to bring their income up to a basic rate of $18.75 per month for a single man. That has been given by the government for many years, and it is given on much the same principle as is now advocated by the majority of the commission for non-pensioners. Then there is the war veterans' allowance, which is given to burnt out veterans. It is not given for disability attributable to service; it is paid to non-pensioners, and it departs from the principle of helping only pensioners.

The majority recommendation of the veterans' assistance commission calls for assistance to non-pensioners on relief who receive less than the basic rate set by the department, in order that they may receive this basic rate, provided that they cannot receive supplementary relief amounting to more than $10 per month if married and $5 per month if single, and they must have served in an actual theatre of war. That is of a nature similar to the assistance now being given. I admit that it goes a step further; there is no doubt about that, but the simple question that must be decided by the government is whether or not they are going to take that further step. It is not a question of whether or not they are going to grant service pensions, and the government and the minister cannot take shelter behind any sweeping statement in connection with service pensions.

Mr. POWER: They have said no; the decision is no.

Mr. GREEN: Do not call it a service pension, because it is not that at all. Apparently the only phase of the problem of the unemployed war veteran in which the government is interested at all is in regard to the suggestions made by the commission relating to the finding of work for veterans who are able to work, for the employable as distinguishable from the unemployable, such as giving the younger men probational training and financing projects that promise to give certain employment. I am glad to learn that these suggestions are being adopted. I hope they will meet with success, and I think the minister is to be commended for having taken this action.

This probational training is particularly important, because it will help some of these seven thousand odd unemployed veterans who are still under forty years of age. As the minister has said, those men enlisted as boys, and they deserve every opportunity we can give them. I think perhaps with such help they may be able to make a further worthwhile contribution to the life of the nation. I suggest that the minister let all the local committees know that when they recommend a veteran for training, in a technical school, in a factory or in a business, the department will provide the funds. I think also the department will have to arrange to maintain these veterans while in training. It is not necessary to give them $150 a month or any such figure, but I know in vocational training among other men in Vancouver we have found, for instance, that they have not carfare to go to their work; they have not clothes; they cannot buy their lunches.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. GREEN: Mr. Chairman, before the recess I was dealing with the proposals of the minister in connection with the recommendations for helping to obtain jobs for employable war veterans who at present are without work. It seems to me that the proposed probational training and the schemes to give employment can succeed only if they are closely supervised by the honorary local committees in the different parts of the country. I say that because these committees will come into actual contact with the individual veteran, a fact which is of vital importance. For this reason I hope the government will give strong support to the local committees. Let it not be half-hearted in the support it gives to these men. The government should consider carefully all schemes suggested; there should be no delay in making decisions on recommendations made, and funds should be supplied promptly as required for the approved schemes.

These local committees are the front line troops in tackling the problem of the unemployed war veteran. They find the jobs for individuals and suggest schemes to make new jobs. They are helping to determine what veterans are unemployable and, best of all, they are showing keen interest and deep sympathy. Judging from the personnel of the Vancouver committee I would say that they are made up of leading representatives of labour. the business world and the professions. In my opinion the success or failure of the Veterans' Assistance Commission Act will depend on whether the government can retain the active support of these committees.

The minister has been strangely silent about one series of recommendations from the commission, namely, those which suggest a

survey of all government departments, all harbour boards and all bodies under the control of the government in the hope that more veterans may be absorbed into the government service. The suggestion has also been made that the work on projects to be carried out by the Department of National Defence should be done by veterans and militiamen. That is a suggestion which I believe is worthy of consideration, and I see no reason why it could not be adopted.

The minister has said nothing about either of these suggestions. Then the recommendation is made that unemployed war veterans be given preference in seasonal employment. For example, each year in the larger cities temporary staffs are taken on to do work in connection with the Christmas mail. Surely it would be possible for the Post Office Department to go to the honorary local committees acting under the veterans' assistance commission and offer work to at least a certain number of unemployed war veterans, rather than going to the Liberal association and getting all the help from that source.

The recommendation has been made that contractors doing business with the government should be required when tendering to supply information as to the percentage of veterans employed and on page 16 we find this:

> All things being equal, the contractor who employs the largest proportion of ex-service men should have preference in the awarding of the contract.

I do not know how far the government will go towards adopting these suggestions—

Mr. MACKENZIE (Vancouver): May I interrupt the hon. member to say that so far as the Department of National Defence is concerned instructions were issued a year ago to the effect indicated by him. We are now proceeding with one project in which it is hoped all employees will be unemployed veterans.

Mr. GREEN: That is all to the good. I hope that practice will continue.

Mr. CRERAR: The example will spread.

Mr. GREEN: I doubt it, but I hope it will. These suggestions are certainly worthy of very serious consideration, and they are important because if the government will give a lead by showing a firm determination to find places for unemployed veterans on government projects, and if it will make a clear-cut announcement to that effect, the result will be to raise the morale of the unemployed veterans, to encourage and to help the honorary local committees, and to set an example for employers in all parts of Canada.

Earlier in the session I asked the minister to grant the request of Canadians who served with the imperials in the inland water transport section of the royal engineers. They are asking that they be given assistance by the Canadian soldiers' advocates or that an advocate be appointed to help imperial veterans. They are also asking for class 2 treatment in Canadian hospitals, and I think they are entitled to that help. At present if any of these veterans who are pensioners become ill they can only get hospitalization for a pensionable disability and even then have to obtain the consent of the representative of the British Ministry of Pensions at Ottawa before they can be admitted to hospital. The result is that there is much delay and dissatisfaction, and in many cases they do not get hospitalization at all. The commission have dealt with the point at page 14, where they say,—

> That if there be any benefits that those who served in the C.E.F. receive, that are not granted to men who served in the imperial forces and who were domiciled in Canada prior to or at the outbreak be so amended as to permit those with imperial service and who were domiciled in Canada prior to or at the outbreak of the great war, to receive similar privileges.

Mr. POWER: Would the hon. member permit me to interrupt? Perhaps in my earlier observations I omitted to state or failed to make clear that it has been decided to extend the benefits of class 2 treatment—that is, active remedial treatment for acute disease or a disabling condition in relation to service in the late war, but sustained in civilian life—to former members of the imperial forces who were resident or domiciled in Canada on August 4, 1914, and who are in receipt of pension for disability related to service during the late war, subject to the ordinary conditions set forth. I intended to lay down the policy this morning, and in case I forgot to do so may I now say that under the authority we have in the department anyone who was resident in Canada prior to the war, whether he became a member of the imperial forces or served in the Canadian forces, will have the same treatment provided he is a pensioner. This includes those who served in the inland water transport and in the royal flying corps.

Perhaps I might extend my remarks a little bit in order to make reference to the South African war veterans. This question is more difficult of solution because section 5 of part I of the legislation under which the department operates reads:

> The minister shall have the management and control of all such matters as are assigned to him from time to time by the governor in council, relating in any way to the care, treatment or re-establishment in civil life, of all persons who since the first day of August, one

thousand nine hundred and fourteen, served in the naval, military or air forces of His Majesty or any of His Majesty's allies, and to the care of the dependents of such persons.

Obviously that section debars those who served in the South African war. I appeal to the intelligence of the committee generally, and particularly to hon. members who are of the legal profession, when I say that we have looked after the South African war veteran in the way of treatment. Whether the ministers who have preceded me and myself are responsible to the treasury of Canada for the amounts expended in that way beyond the powers given to us by parliament, is a question which I think will never be raised in this house. I propose at the next session of parliament to introduce such legislation as will ratify and confirm whatever has been done in the past by way of hospitalization and treatment of South African veterans, and to place them on the same basis as those who served in the last war.

Mr. GREEN: Dealing with the question of imperial veterans who were not domiciled in Canada before the war, I find it difficult to understand the attitude of the minister. He said that talk of giving assistance to these imperial veterans seemed to him to be "the acme of imperialistic jingoism," or words to that effect. The attitude of the government is not right in that these veterans seem to be looked upon as intruders. They fought beside us in France, they did their job and they did it well and with mighty little publicity. After the war many of them came to Canada, quite often with the encouragement of the Canadian government, and in many instances they commuted their pensions to raise the necessary funds. The Canadian government knew that many of these men were suffering from war disabilities. Now these imperial veterans are in difficulties. The following statement is to be found on page 2 of the report.

> The situation of the imperial veteran in Canada is one that gives grave concern to those who have a close knowledge of the condition.

And on page 3:

> It is reasonable to assume that the "imperials" who came to Canada prior to the year 1930, are to some extent victims of the immigration policies of the Canadian and British governments, and that a joint responsibility exists in this connection.

I sincerely hope that these imperial veterans at least will be given a chance at the jobs which are to be found or created by the local committees acting under the veterans' assistance commission. They seem to get very little consideration from the imperial government. Many complaints are made, and I believe with good reason; for example, about the fact that they must get authority from the British representative in Ottawa before they can obtain any hospitalization, and that no British official attempts to make personal contact with them in Canada to investigate their problems. I suggest that this government should bring the utmost pressure to bear on the British government to have steps taken to improve the position of these veterans.

Some of our most distinguished ministers are going to attend the imperial conference shortly, and I suggest that they discuss this matter with the British ministers. Let them find out just what the British government will do to remedy the known grievances, and ask them to send a commission to investigate the difficulties under which these imperial veterans in Canada are suffering. These veterans left the United Kingdom to become Canadians and have thrown in their lot with us. They came here to help build Canada and they are now Canadians. In my opinion they have made splendid Canadian citizens. When the minister says that these imperials should look to their own government, I would point out to him that their government is the Canadian government. They are Canadians and they should be given every possible help by the government of Canada.

In conclusion may I repeat that the time has come for this government to tackle the problem of the unemployed war veteran. I am afraid the tendency is to run away from it and I urge the government to give further consideration to the problem. Let us have some action and not just discussion, even at this late stage in the session. Let the government show a little of the Canadian corps spirit. Courage and initiative are two of the great qualities possessed by the Canadian people and this government should display these qualities in dealing with this problem.

Mr. C. G. MacNEIL (Vancouver North): Mr. Chairman, I feel certain that the statement made this morning by the minister will be received with general dismay and profound disappointment by many thousands of ex-service men across Canada. His statement means that he has chosen to set aside the more important recommendations of the veterans' assistance commission. However carefully he may endeavour to sugar-coat the pill, it will nevertheless, be a bitter dose for many thousands of ex-service men who at this time have been looking expectantly for definite action during this session to relieve their distress. I do not think we should be unmindful of the position in which this places the organizations of ex-service men. They

have been giving the minister the utmost co-operation; they have not sought at any time to embarrass him, and, furthermore, they have endeavoured assiduously, sometimes under terrific handicaps, to maintain the morale of the ex-service man and to solve particularly urgent problems. The statement of the minister places them in a serious predicament. In recent years they have been asked to assume a heavy burden, and this statement will be a bitter disappointment to them.

I do not know where the press report originated that appeared recently in many of our daily papers, anticipating the decision of the government in this regard. Along with other hon. members I have received several telegrams as a result and I should like to place one on record to show the general attitude toward the decision of the government as announced this morning by the minister. This telegram is from Calgary, dated April 6, and reads:—

Report in Calgary paper by Bishop states neither minister nor government have any intention of implementing recommendations veterans' assistance commission. Alberta provincial command Canadian legion British empire service league very disappointed. Meeting held last night. Indignation strongly expressed. Will you do all possible to have recommendations carried out. Report hardly touches fringe but would be of some assistance.

W. Bullard
Provincial President.

The minister has a peculiar responsibility in this regard. It may be said, particularly by the ex-service members of this house, that he enjoys the general confidence of ex-service men to a greater extent perhaps than anyone else who has held the portfolio of Pensions previously. The ex-service men have always felt that he is their friend and have looked to him to champion their interests in making the necessary submissions to the government. That is as it should be. That relationship is in the public interest and it is one that I have always been glad to support. I suggest to the minister that nothing will more dangerously undermine that confidence as it should be maintained than the suggestion of dilatory methods in dealing with the problems facing ex-service men generally at this time. I hope that before this discussion is over he will make it clearer than he did in his opening statement that he intends to follow this problem closely and achieve a solution. He has chosen to reject the principal recommendations of the commission, and as I attempt to estimate the effects of his decision as given in his opening statement, the tragic feature is that he has not advanced an alternative plan which might effectively solve a problem the existence of which he fully admits.

[Mr. MacNeil.]

I regret that in his closing remarks the minister suggested that organized ex-service men sought a privileged position in our society, and that in advancing the representations which have been before the government for some time they are perhaps fostering a militaristic spirit. I feel that in this respect the minister has not done justice to himself or to his own comrades. Anyone who has had experience of organization work among ex-service men must admit that above all other organizations they have expressed a truly altruistic spirit. They have not only been loyal to national ideals while on service but have endeavoured to maintain that loyalty in civilian life. I agree with him when he says that they were civilians when they entered the army and civilians they should remain to-day. I think that sentiment will find general acceptance among ex-service men. They have not sought to have themselves placed on a pedestal or to gain a privileged position. As suggested by the hon. member for Vancouver South (Mr. Green) they have striven, with truly altruistic spirit, to champion the interests of the less fortunate among their ranks, the disabled and the dependents, and to obtain, as far as national resources permit, a fulfilment of the contract entered into with those who donned the king's uniform, if disabled, or for the dependents bereft of their breadwinners; also to deal as far as the national resources permit with those handicapped by reason of war service, in such a way as to permit those men to become harnessed to the national activities. Never at any time have they suggested a raid on the public treasury. Never at any time have I known of a national organization of ex-service men advancing demands which might be considered unreasonable. I hope before the discussion closes the minister will take the opportunity to pay a little more clearly a tribute on his own personal account to the splendid and loyal endeavour carried on by organizations of ex-service men. They have used organization to foster and strengthen the comradeship that was forged on the field of battle. That comradeship has found expression in service activities which deserve commendation, activities representing comradeship definitely in action. Their work is not exclusive or privileged; it seeks no privileged segregation that might not be a characteristic of any other Canadian service organization.

I ask the minister to consider with some patience the position in which these organizations are now placed. For three years at least they have endeavoured to make clear to parliament the real issue. They have admitted the generosity of parliament, in a degree at

least, to those who now receive pension. They have pointed out definitely and clearly that the real issue is the unemployment problem of ex-service men who are physically handicapped by reason of war service. They have brought their case clearly and forcibly to the attention of the Hyndman commission; last session they presented it before the special parliamentary committee on pension and returned soldiers' problems; they took the opportunity to present it before the veterans' assistance commission. Having presented their case they have laid the responsibility on the government and now they are left no recourse but to continue representations urgently demanding that this problem be solved in some manner. As they continue these representations their purpose should not be misjudged. They simply desire the solution of a problem which is weighing heavily upon them and which has been clearly brought to the attention of the government.

In the terms of reference to the veterans' assistance commission and other bodies the government raised hopes which should not be disappointed. In the reference to the Hyndman committee it was stated that the committee was empowered to carry out an investigation dealing among other things with the care and maintenance of ex-service men while unemployed. Again, the authority under which the veterans' assistance commission was established refers specifically to an investigation into existing facilities for the care and maintenance of veterans while unemployed. "Hope deferred maketh the heart sick," and the effect of the statement made by the minister to-day is that many thousands of these men are condemned to an existence of continued poverty and distress.

I submit that there is no justification for delay in implementing the principal recommendations of the veterans' assistance commission. The special parliamentary committee last session clearly recognized the existence and extent of the problem. It was referred to the veterans' assistance commission because at that time it was not possible clearly to define the dimensions of the problem, and it was thought advisable that an extensive survey of it should be made. That survey has now been practically completed. The survey made by the veterans' assistance commission has, I think, much more clearly outlined the problem. Although it is true that the exact dimensions are not well defined in all respects, nevertheless we know exactly where we stand; the nature of the problem and the chief contributing factors are now made plain, and I think we have sufficient data from the commission upon which to devise some effective remedial action.

I point out that the judgment rendered by the veterans' assistance commission confirms in very large degree the conclusions of the Hyndman committee, particularly with reference to the needs of unemployed ex-service men, and with special relation to those who are non-pensioners.

I recognize that all the recommendations of the commission may not be acceptable to the minister. I do not propose on that ground to quarrel with him, but he must admit the existence of the problem. The hon. member for Vancouver South has already referred to the minister's statement on a previous occasion this session, when he warned the house that something eventually would have to be done or we should face the necessity of establishing soldiers' homes in Canada. We now know in broad outline the nature of the problem; it is clearly apparent, and the onus rests definitely at this time on the government to declare to what extent they will accept responsibility. They may not concur in the method proposed, but I feel they cannot evade the assumption of a larger measure of responsibility suggested by the minister in his remarks to-day. They must accept it either now or later, and I suggest that if we have learned anything from past experience in dealing with problems of ex-service men, it is that inaction is much more costly than definite action. I suggest to the minister that delay in effectively grappling with this question will be extremely dangerous. There are many important reasons which I might bring to the attention of the government as to why the recommendations of this commission should now be implemented. Parliament has undoubtedly given assurance that some solution will be attempted. To what end were the investigations outlined in the veterans' assistance bill last year, the reference to the Hyndman committee, but to give some assurance to ex-service men that a solution would be attempted? I point out also, as the hon. member for Vancouver South has done, that the mechanism for dealing with their unemployment needs more effectively has now been established. I refer to the provision of the local advisory committees to the veterans' assistance commission—a mechanism that was not previously established in Canada. Never before has it been found possible to mobilize representative business men for the definite purpose of attempting a solution of this problem and seeking, as far as possible, the absorption of unemployed ex-service men in the industrial enterprises of the country. Unless the government gives some definite assurance that this work will be financially supported in every particular,

we fear the collapse of these committees, and never again will it be possible to organize committees on the basis now established.

We now know the approximate number of ex-service men who are unemployed; we know at any rate those unemployed who are on relief. We know also approximately the number of those who are unemployable. The commission in its report has given a very fair cross section of the unemployed community of ex-service men, and I suggest that we should abandon the piecemeal attempts to solve the problem. The time has come for some nationally coordinated and comprehensive plan that will offer hope of a satisfactory solution.

I need not suggest to the minister that the distress is so acute that further delay is almost inexcusable. The Hyndman committee reported that there had appeared during that investigation men who were obviously underfed and undernourished, and in such a condition that they might not be able to avail themselves of employment opportunities if they were offered. The committee stressed definitely the grievous conditions that make it impossible for ex-service men and their families to maintain the decencies of life. That report is confirmed by the veterans' assistance commission in their report, in which the following statement is made:

> Conditions are no better, in fact we believe they are worse for some of these men, since the Hyndman committee report was submitted in May 1935. In that report, it was said "that in one particular town it was obvious the veterans on relief were undernourished to the point where many would be unable to undertake manual labour even were this available."

Mr. POWER: The reference was to the town of Verdun, where, according to the Hyndman committee's report, many veterans were so undernourished that even if they had positions they could not keep them. In the report we are now considering not one cent would be given to the unemployed veterans of Verdun.

Mr. MacNEIL: The minister is correct when he states that the reference in the Hyndman report was to conditions in Verdun, but he can find in the report other references from which the inference might be drawn that equally serious conditions exist elsewhere in Canada. I am quite sure that I am properly interpreting this paragraph of the veterans' assistance commission's report when I say that they believe that these conditions are widespread throughout Canada and even more serious than is suggested in the Hyndman report. The report continues:

> That particular committee also said in its report, that it was of the opinion that Canada as a whole would shrink from any policy

which would permit these unemployed non-pensioners to remain in want and dire distress, as some of them undoubtedly do, and would approve of reasonable assistance being extended to them during temporary, unavoidable idleness, until such time as occupations suitable to their ability can be found. Knowing that there has been little general improvement, if any, in the plight of the non-pensioned veteran on municipal, city or provincial relief, and realizing that it will take time for the commission to complete its plans and investigations, we have no hesitation in endorsing the remarks covering the non-pensioned veteran, as quoted.

The report then goes on to submit the recommendation which was quoted by the minister —the general recommendation unanimously approved by the members of the war veterans' assistance commission.

Every month's delay makes the situation worse, and the minister is as well aware as I am that the rate of casualties among ex-service men in this category is appalling and is accelerated largely by the want and poverty to which at present they are exposed. No class of unemployed is as closely affected as are the ex-service men at the present time, and no class have as much difficulty in seeking to take advantage of any movement towards recovery that may be evident across the country to-day. That was admirably stated by the representatives of the Canadian legion before the Hyndman committee, and I think I am justified in emphasizing the point, using the language employed on that occasion—because this fact is not clearly recognized. The peculiar and onerous handicaps inflicted upon certain classes of ex-service men tend to show that a greater measure of responsibility should be assumed with regard to their plight than the minister indicated in his remarks this morning. On that occasion the following reasons were advanced:

> (1) During these years of depression there has grown up a great army of youth, rightfully clamouring for admission to trade and industry, and capable of rendering efficient service.
>
> (2) The unemployed ex-service man has to meet this competition, subject to certain handicaps:
>
> (a) The average age of the group is believed to be approximately 47 years.
>
> (b) By enlisting for service, he gave the best formative years of his life to the service of his country, and while he may have returned physically unimpaired, yet he sacrificed opportunity.
>
> (c) There is a large proportion of unskilled labour. Thousands of boys between the years of 16 and 18 rushed from school to the forces. For years, their every move was ordered and they returned grown men, totally unacquainted with the struggle for economic existence, and yet, class conscious in their pride as fighting men, unprepared for the new discipline of economic training.
>
> (d) Many of them suffer from war disabilities.

(e) The parliament of Canada, in accepting the War Veterans' Allowance Act, accepted the principle that there were intangible disabilities resulting from nervous or other form of strain, and 3,069 ex-service men under the age of 60 were classified as permanently unemployable.

(f) In the keen competition for trade, the employer of labour, if he is to hold his own, must employ efficient and economical labour. Ageing men with little training and physical disabilities are not that class of labour.

The commission now reports the average age of the group surveyed as forty-nine. There you have clearly stated the reason why ex-service men suffer peculiar handicaps at this time and deserve special consideration by the federal government. The minister has set aside the principal recommendation of the commission, which is that further assistance should be given to those who are non-pensioners and are now on relief, and he has defended his position by saying that it savours of the establishment of a general service pension in Canada. I wish to make it clear that the organized ex-service men have never advocated a general service pension, nor do they advocate any form of relief which might be considered a form of pension. I think the minister has entirely misjudged their position in this matter. The commission itself, in making the report, clearly states that this recommendation is intended as an emergent or temporary form of assistance until such time as satisfactory employment measures may be devised. The reasons for delay in formulating final plans were explained. The report that in hearing evidence across the country the opinion was expressed that this commission was simply another stall on the part of the government, and point to the necessity of demonstrating that the government intend to keep faith with the veterans. I think they make it very clear in the report that it is necessary that this gesture should be made at this time in order to assure veterans that the government intends to keep faith and to fulfil the promises which may be inferred from the terms of the bill and the findings of the special parliamentary committee last session. It is also clearly necessary that this should be done in order that veterans may maintain their physical stamina. Under the relief scales obtaining in the various municipalities it is becoming more and more apparent that the unemployed ex-service men are suffering serious deterioration. The longer they have to endure this extremely low standard of living the less able will they be to make a "come-back" if given an opportunity in Canadian industry.

The minister suggests that to accept the principal recommendation of the commission on this point would be a radical departure from the policy which has been declared by successive governments. I am at a loss to understand his position in that respect. It is not a radical departure. It proposes the assumption of additional responsibility for non-pensioners who served in an actual theatre of war. The means test would have to be applied before any ex-service man could qualify if this recommendation were implemented. This morning the minister pointed to the fact that the policy has been to draw a sharp distinction between the pensioner and the non-pensioner. The terms he used were the disabled and the non-disabled man. May I suggest to him that that distinction has not always been sharply drawn, nor is it possible to do so. It was found when parliament enacted the War Veterans' Allowance Act that some responsibility had to be assumed for so-called intangible disabilities. It is not possible to draw that line between a disabled and a non-disabled man, for "disability," as he used the term, apparently is determined by the pension act. And surely any of us who have had experience in advancing claims for pension and have seen the rejection or disallowance of such claims must realize how difficult it is to draw that line sharply. Under the existing procedure the burden of proof rests definitely upon the applicant, notwithstanding the terms of the act, to show that his disabled condition is attributable to service or was incurred during service, and not always is it possible for him to furnish that proof. Unless it is forthcoming his claim is disallowed and he is thereby categorized as a non-disabled ex-service man. I could cite case after case to demonstrate that. Only the other day I was in contact with an ex-service man who was wounded as a result of a premature explosion of a trench mortar bomb. He was in and out of hospital almost continuously from the time of discharge until I think 1933. Something like twenty foreign bodies were removed from one of his legs. During one period of hospitalization it was discovered that a malignant growth had developed on his leg, and he suffered amputation. For that he cannot establish a claim for pension, yet there are few who would dare to say that there was no connection between the disturbance of the circulatory and nervous systems in that leg and the subsequent development of the malignant growth. Nevertheless he must endeavour to maintain himself on a very small pension, and is classified, in the term used by the minister this morning, as a non-disabled man for whom the federal government cannot accept any responsibility.

Mr. POWER: No, according to my hon. friend he is getting pension.

Mr. MacNEIL: He gets a small pension, but not for the amputation. I am using that case to illustrate that the line is drawn very sharply by the pension board, but for the purpose of unemployment it is unjust to draw that line in that way.

Mr. POWER: But he receives his pension, and his relief is brought up to the amount being asked by my hon. friend.

Mr. MacNEIL: The minister is correct, but I am using that as an illustration which comes readily to my mind to show the type of case for which no responsibility is assumed.

Mr. POWER: But responsibility is assumed by the government; he receives pension and relief to the extent of the departmental scale, which is all that is asked for by this report.

Mr. MacNEIL: I do not want to go into details of an individual case—

Mr. POWER: I do not know the individual case.

Mr. MacNEIL: Under the regulations and decisions rendered by medical authority he has no claim for pension in respect of this amputation. But as a result of the amputation the man is incapacitated, his difficulty in securing employment is increased, but no responsibility for that is assumed by the government. I am pointing to certain disabilities which relate to service, looking at the matter from a common sense point of view, and which are not considered pensionable. This illustrates how many ex-service men are physically handicapped in a serious way and yet as classified by the minister the government accepts no responsibility for their employment, or maintenance while awaiting employment.

Mr. POWER: Will my hon. friend say the type of case he mentions would be helped by the adoption of this report?

Mr. MacNEIL: I am saying there are some men classified as non-disabled for whom the federal government should assume some responsibility.

Mr. POWER: For whom we do accept full responsibility.

Mr. MacNEIL: I am endeavouring to show that some men are physically disabled—

Mr. POWER: —who are not getting enough pension, I agree. But that is not the point at issue now. If my hon. friend wishes to say the scale of pensions is too low, or that there are men not getting pension who deserve it, I will probably agree. But that is not the point. The point at issue is non-pensioners.

[Mr. Power.]

Mr. MacNEIL: Perhaps I have not made my point clear. This morning the minister said the recommendation of the veterans' assistance commission brought two principles into view. One was that the unemployed non-disabled men, previously a municipal responsibility, might now become a federal responsibility. He pointed to the fact that the policy of successive governments has been to draw a sharp line between the disabled man and the non-disabled man, and he did not agree that non-disabled veterans, merely because they had been soldiers, should now be accepted as a federal responsibility. My argument is that the line cannot be drawn so sharply, because many men are physically disabled, suffer from disabling conditions which we know relate to service, but in respect of which proof of attributability to service under the terms of the pension act is impossible. For such men in my opinion the federal government should accept some responsibility. I refer also to intangible disabilities: the man who suffers from neurological conditions, who has lost opportunity. For him the federal government should assume some responsibility, at least to the extent of endeavouring, as far as our resources permit, to help him to overtake the handicap imposed upon him by reason of absence from his chosen vocation. The minister suggested, and I commend him for that decision, that with regard to the younger men steps will be taken to give vocational training. That should afford opportunity to a certain number of men. But the men he categorized this morning as non-disabled all suffer handicap in some degree, and in respect to them some responsibility should be assumed.

I suggest to the minister that the payment of the additional assistance as proposed by the commission would help maintain the morale of these men until such time as employment measures can be devised. After all, the majority of the commission deal definitely with the criticism of the chairman on this point and in the report tabled by the minister they show very clearly that this will not become a general service pension. It will remove the obvious discrimination that is shown, under which on the one hand you have a man who served only in Canada drawing a five per cent pension and thereby becoming entitled to unemployment assistance. Next door to him may reside a man who put in long service in an actual theatre of war but who has been unable to establish his claim for pension and who is thereby denied unemployment assistance, and who is compelled to take his place with these additional handicaps in the relief

line of his municipality. When the minister speaks of refusing this assistance, as suggested by the commission, to non-pensioners who are physically handicapped, may I point out that eventually these men will have the right to claim the benefits of the War Veterans' Allowance Act, which are now extended to those who are shown to be permanently unemployable or who, having attained the age of sixty, are without adequate income. Eventually the country will have to face this problem, so why permit its aggravation by reason of delay? I think this assistance is intended to bridge that gap, and that in all justice that action should be taken.

I regret that the minister has attempted to alarm the committee with regard to the financial commitment involved. This point arises in connection with the attitude of the minister towards the representations of organized ex-service men. Why should not this house attempt to deal with the problem on the basis of justice? Is it just that this provision should be made? When the minister suggested that this might prove to be the entering wedge that might bring tremendous financial commitments upon this country he displayed very little confidence in his fellow ex-service men. I think from our experience in the past it may be said that they never have been unreasonable. It has been shown by the commission that this problem is restricted in a degree; they point to something like only twenty-seven thousand men who might be affected by this recommendation. It is not a matter of anticipating unreasonable demands in the future or of financial commitments; I believe the case should be dealt with on its merits. Let us decide now whether or not there is justice in the plea advanced on behalf of these men, in accepting the recommendations of the war veterans' assistance commission in dealing with the problem that faces us. Nothing could be more unfair to ex-service men generally than to suggest that they would take improper advantage of any generous act on the part of the government.

I am anxious to support the position taken by my hon. friend for Vancouver South, urging an amendment to the War Veterans' Allowance Act. I feel that last year the committee devised a satisfactory formula, which is now applied to those between the ages of fifty-five and sixty. They are entitled to the benefits of the act if it can be shown that they are incapable of maintaining themselves by reason of physical disability, preaging and general unfitness. Surely the experience of the past year has shown this formula to be workable. Now that the position of the unemployables has been clearly shown I see no reason why that age limit should not be removed with respect to men in that category. Last year it was argued before the committee that this might bring upon the war veterans' allowance board such a flood of applications that they might not be able to deal with them quickly enough, and that this might tend to undermine the confidence that ex-service men have shown in the administration of this board. I do not consider this argument to be valid under the present circumstances. Nothing would more dangerously undermine confidence in the administration of the War Veterans' Allowance Act than to delay the clearly necessary amendments to that act, and it was my earnest hope, in view of this report, that the minister would see fit to introduce amendments during this session which would in a degree solve the problems of a very considerable number of ex-service men at this time. Eventually these men will come under the act, and no good purpose is to be served, in the interests either of the ex-service men or of the public, by delaying a decision in this regard.

Unfortunately the minister has ignored other recommendations of the commission. I am aware that an order in council has been passed authorizing financial assistance to Workshops Limited in Montreal. It is not yet clear whether similar schemes may be advantageously established in other industrial centres of Canada. That rests in the judgment of the local advisory committees which have been established for this purpose. Provision has been made also to a limited degree for a corps of commissionaires, and the minister suggests that he will ask the house to make financial provision to enable probational training to be conducted. All these things are excellent in their way but, as was suggested in the telegram already placed on the record, they touch only the fringes of the problem. I regret that the minister has not dealt also with other important recommendations advanced by the commission. I would suggest that while workshops, or community centres, such as have been established in Montreal, may be all right in some places, they may not be satisfactory in other cities, particularly in the smaller industrial centres, and that other schemes better adapted to local conditions may have to be devised under the auspices of the local advisory committees. I would urge that the minister increase the amount set aside for this purpose. I feel that after revoting the remaining $400,000 from last year's vote and deducting from that amount the administration expenses required,

there will not be a sufficient sum left to enable these local advisory committees to function properly. I am not suggesting any large expenditure in this way but I am suggesting that the local committee should have a free hand to give individual ex-service men that little lift that is sometimes all that is necessary to enable a man to keep his head above water and regain a foothold in some productive enterprise.

If I had time I could bring to the attention of the committee a number of cases already surveyed by the local advisory committee, in which it shows that temporary financial assistance would give these men a degree of economic security they have not hitherto enjoyed. The minister has not referred to the recommendation of the commission dealing with workmen's compensation. The last report of the department shows that the expenditure in that connection amounted to only $27,000 for the fiscal year ended March 31, 1936. It would require very little more to broaden this provision to include those receiving pensions below twenty-five per cent in order to encourage employers to take on an increased quota of ex-service men. It has been my experience, particularly in company towns within the constituency that I represent, that ex-service men are discriminated against in obtaining employment if they are known to have any disability. I feel confident that if the minister could accept this recommendation and make the necessary provision in this regard, employing interests would find it possible to take on an increasing number of ex-service men.

Again, the minister says that the Canadian government has no responsibility with regard to imperial ex-service men. I think that was his exact language,—"no responsibility."

Mr. POWER: Not quite that. Imperial ex-service men who were in Canada and who were citizens of Canada prior to the war will be treated as I have indicated. Those who came here after the war so far as I am concerned are not the responsibility of the Canadian government, except that we issue relief to those who came prior to December, 1924.

Mr. MacNEIL: The commission recommends that some responsibility should be assumed for those who were here prior to 1930. I am inclined to agree with the commission when I consider the circumstances under which those men were brought to Canada. I feel that we have some responsibility for the plight of imperial ex-service men in Canada. Their plight is not only a tragedy but a crying disgrace. The British government has refused to accept full responsibility; likewise the Canadian government refuses to accept responsibility, and they are no one's charge. Their plight is pitiful. I think the minister—

Mr. POWER: They are the same charge on a municipality as is any ordinary Canadian citizen.

Mr. MacNEIL: I say their plight as ex-service men is pitiful, because of particular handicaps which as ex-service men they must endure. Every encouragement was extended to these men to come to Canada. They were encouraged even to commute their pensions in order to pay for their passage to this country. Every facility was extended at that time, and they were welcomed to the country. Let it be remembered that under the conditions as they obtain in Canada, as ex-service men they are denied assistance which they would otherwise obtain if they had remained in the United Kingdom, assistance from the United Service fund, assistance from their local organizations, assistance in connection with sickness and medical attention. All these things they would have enjoyed had they remained in the United Kingdom. I am not suggesting that the Canadian government should assume full responsibility for all their needs, but I object to the words used by the minister when he says we have no responsibility. We have some responsibility for their welfare as ex-service men, because a special appeal was made to them in the first instance to settle in Canada. Many of them were brought here under special schemes promoted jointly by the Canadian and British governments. The minister must be aware that the administration in Canada of the imperial pensions scheme is harsh in the extreme, and that in seeking consideration of their pension needs and their needs for hospitalization they are at a serious disadvantage.

Mr. POWER: But that is the country they fought for; they didn't fight for this country. If they have a complaint, let them make it to the imperial government.

Mr. MacNEIL: I understood they were fighting for the British Empire, as has been suggested and we may have to fight for it again. Why should we therefore summarily reject their plea at this time?

Mr. MUTCH: Why should we not include in that category all at present residing in Canada who were connected with any of the allies? That would be the logical thing to do if we are going to carry it to that

point. If the hon. member wishes to develop the point, why should he not include them? How can we avoid doing it for men of any allied country who have come here since the war?

Mr. MacNEIL: I am suggesting that with our knowledge of circumstances it is unfair to say that we have no responsibility. I am not saying that we should assume full responsibility, but we have no doubt a measure of responsibility towards these men. Our responsibility is that, knowing their pitiful condition, the conditions they are facing to-day, and the special disadvantage to which they are subjected, we should negotiate on their behalf with the British authorities.

Mr. MACKENZIE (Vancouver): That is being done.

Mr. POWER: Will the hon. member say that the men who came here after 1924, ten years after the outbreak of the war, should have preferred treatment over Canadian citizens who have been here all their lives? Will the hon. member go that far?

Mr. MacNEIL: I am not saying that, and I do not intend to say that they should have preferred treatment. I am not suggesting that.

Mr. POWER: Well, they are getting exactly the same treatment as the people to whom I have referred, no more and no less.

Mr. MacNEIL: I am suggesting that the imperial ex-service man in Canada, who is suffering disability, is at a very special disadvantage at this time. That is particularly so because the channel of negotiations with respect to his needs is in effect blocked. The administration of British pensions in Canada is in a highly unsatisfactory state.

Mr. POWER: Is that the fault of this parliament?

Mr. MacNEIL: I am not suggesting that it is, but I am suggesting that I believe it is quite proper for an organization of ex-service men to bring this matter to the attention of the Canadian parliament and, having knowledge of all the circumstances, we might properly through the regular channels advance their plea to the British authorities.

Mr. POWER: I have done that.

Mr. MACKENZIE (Vancouver): That has been done.

Mr. MacNEIL: I suggest that further conferences will be necessary. I do not know to what extent the minister has had the opportunity to confer with the British ministry in this regard.

Mr. POWER: I personally saw the British ministry, and they told me that they were no longer responsible for these men.

Mr. MacNEIL: The minister has conferred with the ministry; I am asking him to continue those negotiations. An imperial conference will be held—

Mr. POWER: I shall be very glad to do so, but I do not think I will get anywhere.

Mr. MacNEIL: The minister's departmental officers on previous occasions have negotiated fairly satisfactorily agreements with the British ministry, particularly with regard to Canadians who served in the imperial forces. There have been such negotiations with the British government in the past. I suggest it has been done before and it can be done again. In view of the necessity of maintaining the spirit of empire unity which everyone desires to foster at this time I suggest that the minister reopen those negotiations—not one conference, but conference after conference until responsibility is fixed. Certainly it is not to the credit of the United Kingdom or of the Canadian people that imperial ex-service men should be called upon to endure what they are enduring to-day. At least they should be put on a more satisfactory basis with regard to negotiations with the British ministry in respect of their problems.

When we speak of imperial ex-service men it is necessary to divide them into several categories. The hon. member for Vancouver South has already referred to those who had pre-war domicile in Canada, but who served in imperial units. We may refer to those who served in the inland water transport units and in the royal air force. I appreciate the statement made by the minister with regard to the hospitalization of these men, but here again I say they have just cause for complaint. They do not gain the advantages and benefits extended to Canadian ex-service men until they establish entitlement with the British ministry of pensions, and at the present time they are confronted with extraordinary difficulty in establishing that basis of entitlement. I say their plea is quite just when they urge that although they are Canadian citizens and although they enlisted under conditions which they thought entitled them to the treatment accorded Canadian citizens, they are now discriminated against because the full responsibility for their pension needs is not accepted by the Canadian government, as it would have been accepted had they served in a Canadian unit. As the result of conditions in recent years their need is becoming more clearly apparent. With regard to

imperial ex-service men who came to Canada since the war, whether pensioners or non-pensioners, I feel that their need should be recognized, as is suggested by the veterans' assistance commission.

The commission make reference to civil service employment. I hope before the discussion closes the minister will make clear his position in that regard. I gather that he suggests a modification of the preference now extended to ex-service men, because of pressure. In my opinion that pressure has resulted solely from patronage considerations.

Mr. POWER: I did not suggest any such thing.

Mr. MacNEIL: I am glad to hear the minister say that.

Mr. BENNETT: The very opposite.

Mr. POWER: Yes, I suggested the opposite, as far as that is concerned. As a matter of fact, in 1919, when the Civil Service Act was introduced, I was opposed to the preference for ex-service men, and in those days it was pretty hard to be opposed to it. Since that time I have seen to it that it has been observed, to the extent that in my department ninety-seven per cent of the male staff are ex-service men.

Mr. MacNEIL: The minister stated this morning that he would not condone hand-outs to ex-service men. No one has suggested that that should be done. I think it has been made abundantly clear that the ex-service men specifically referred to in this report are in dire need and that a contributing factor to the position in which they find themselves is their war service. It is on that basis that a plea is advanced on their behalf. I think I should take the time to make it clear from the official record that the organized ex-service men have not asked for hand-outs. I should like to quote from the evidence given before the special committee last year by Brigadier General Alex. Ross, the Dominion president of the Canadian legion, who has given unselfishly of his time and energy in serving the interests of his comrades who are less fortunate. He said:

Now, of course, I know that is a very big matter; but I do think no avenue should be left unexplored to see if it can't be done; otherwise, you will simply perpetuate this horrible tragedy. When we speak of relief we think generally in terms of monetary expenditure; and we have reason to think so because relief appropriations have certainly made a tremendous drain upon the resources of this country, and if continued this drain is likely to be even greater. There is, however, another aspect to it, the moral aspect. That is why I would like you to hear from administrative officers to find out how this relief has an essential moral aspect which affects not only the people concerned but their children as well.

He goes on to say:

Most men want to work. We know that some of them have been on relief so long that they won't work; but there are a great many decent fellows who only require a helping hand to get them work, and there is no active agency for that purpose. That is one matter that can be done by this new agency. I can see no possible chance of a government agency being applied which would make it possible to serve that purpose. I think people have got to cooperate in order to do this, by working through veterans' organizations, by working through civilian organizations and otherwise and helping the government in that way to do something that will be worth while. Let me make it quite clear that no matter what we do we have got to make some gesture first to show that the present condition so far as it is humanly possible to do so is going to be relieved. In other words, by maintaining on as adequate a basis as we can a service that will indicate to them that we are trying to play fair. If you proceed to develop the agencies I have suggested without giving some temporary measure of relief you are simply going to have the statement made, this is another "stall"; they are going to say, we asked for bread and you gave us a stone. That is why I stress the fact that it is necessary in order to restore confidence that something should be done to indicate that we have some appreciation of their difficulties; and that being done let us devote ourselves to seeing how we can pull them out of the morass of unemployment.

Again he says:

We desire in the first place that the present system of relief should be carefully overhauled; that inequalities should be eliminated, and that it should be put on an equitable basis. We desire in the second place that some consideration should be given to the cases of men who have no pension, and who have just as good a service record as their neighbour across the road who having lost a finger receives a five per cent pension and consequently is on government relief. I realize that to ask the government to assume the whole burden is probably proposing an impossible task. But I do say that some consideration should be given as to what can be done to equalize these conditions. Therefore, as I said at the outset, any fool can spend money but after all money should be spent wisely. The spending of money simply to keep body and soul together does not seem to me to be a sound policy.

And again:

Now, what we are hoping for is that we may be able through this committee to devise some means whereby we can utilize the resources of this country to give them some reason for existence without at the same time ruining the country; that when we spend money we should spend it wisely and scientifically, and to better advantage; and for that reason we desire to harness all the resources of the country for that common purpose.

He then goes on to develop his argument. I am taking this opportunity to cite specific cases with regard to the employment of ex-service men in the civil service and to stress my argument that the preference should be maintained. I want to illustrate the necessity of accepting the recommendation of the commission that no veteran should be discharged from the civil service except for a misdemeanour, the inability to perform his duties in a satisfactory manner, or upon reaching the age limit for retirement. It was brought to my attention some time ago that ex-service men were being dismissed from the employ of the Department of Agriculture in Prince Edward Island. I asked for a return in the house of all the documents and I intend to quote from the official sessional paper. In referring to these cases I do not wish to express any criticism of the action taken by the hon. member for Kings (Mr. Grant). I regret to learn that the hon. gentleman is unable to be in his place in the chamber because of illness. I bring up these cases to illustrate the necessity of implementing the recommendations of the commission on this score and to challenge what I consider to be a vicious procedure. Ex-service men with excellent records have been dismissed without their being given a chance to furnish any defence. In my opinion such a procedure is vicious and archaic.

I refer to the dismissal of Charles McLeod, who was employed in the Department of Agriculture on a temporary basis on October 28, 1931, and dismissed on September 1, 1936, because of a statement made by the hon. member for Kings. The hon. member furnished the department with a letter stating that it was within his personal knowledge that this man had been guilty of partisan political activity. I think some of this correspondence should be placed on the record, because I intend to ask the government for some statement as to the policy involved.

Mr. SINCLAIR: The hon. member for Kings (Mr. Grant) is on his sick bed.

Mr. MacNEIL: I am quoting from the official return brought down by the Minister of Agriculture (Mr. Gardiner). This man's dismissal was protested, not only by the Canadian Legion of Montague, branch No. 8, but by representative shippers in the area. The matter was brought to the attention of the government but the dismissal was confirmed. I should like to quote from an affidavit made by Mr. McLeod. He said:—

I, Charles McLeod, of Alliston, township number sixty-three in King's county, in Prince Edward Island, fruit and vegetable inspector, do solemnly declare and state as follows:

That I have been employed as fruit and vegetable inspector under the Fruit, Vegetable and Honey Act since 1931.

I received a letter dated 27th day of August, A.D. 1936, from C. E. Shaw, senior fruit and vegetable inspector, informing me that my services would not be required after August 31st, A.D. 1936.

I inquired at the office of Mr. Shaw as to the reason for my dismissal and was informed that Dr. T. V. Grant, M.P. of Montague had laid a charge against me that I had been guilty of political partisanship.

Since I was appointed inspector as aforesaid, I have not taken any part at all in political matters and I can say that I positively have not been guilty of political partisanship.

I have no knowledge whatever as to the particulars of the charge laid against me by Doctor Grant, but since I have not taken any part at all in politics I can only say that the charge is unfounded.

And I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

This was protested by the Dominion office of the Canadian Legion. On September 21, 1936, a letter was addressed to the Minister of Agriculture:

I now enclose statutory declarations from Charles McLeod and Edward P. Donnelly proclaiming their innocence in respect to political partisanship, and would ask you to be kind enough to give the situation your very careful consideration. It is sincerely hoped that your communication of September 9th does not indicate that nothing further can be done in behalf of these men except on the floor of the house.

As was pointed out previously, our understanding is that government policy does not permit returned soldiers to be treated in this manner. We would be very glad of an opportunity to discuss these cases with you at your convenience.

(Signed), J. C. G. Herwig,
Service Bureau, Canadian Legion.

Regarding the Donnelly referred to in this correspondence, I find that the return indicates that he was employed on February 24, 1932, and was dismissed on September 1, 1936, for exactly the same reason, and I have on the file the letters directed to the Minister of Agriculture with regard to this case. The following letter, dated July 30, 1936, is addressed to Hon. J. G. Gardiner, Minister of Agriculture, Ottawa:

Dear Sir:

To my personal knowledge Mr. E. P. Donnelly, fruit and vegetable inspector, Peake's, Kings County, P.E.I., was guilty of political partisanship at the last federal election, and I recommend that he be dismissed from the service.

Yours respectfully,
Thomas V. Grant,
M.P. for Kings,
Prince Edward Island.

The file shows the correspondence exchanged within the department. I will quote the letter of the commissioner dated August 22, 1936, addressed to Mr. Shaw:

Dear Mr. Shaw:

Doctor Thos. V. Grant, M.P., Montague, P.E.I., has accused the following men in your district of political partisanship:

A. H. Stewart, Georgetown.
E. P. Donnelly, Peake's.
Charles MacLeod, Alliston.
E. F. Rossiter, Morell.
J. A. MacDonald, St. Peter's.
A. P. Llewellyn, Lower Montague.
D. M. MacLean, DeGros Marsh.
Wilfred H. Coffin, Mt. Stewart.

It will be necessary, therefore, for you to advise these men of their dismissal as from September 1st, 1936, and at the same time to collect their inspection stamps and any other supplies they may have on hand belonging to the department.

Mr. SINCLAIR: May I ask the hon. member a question? Why did he not bring these things up when Doctor Grant was here?

Mr. HEAPS: Why is he not here?

Mr. SINCLAIR: Because he is on his sick bed.

Mr. HEAPS: We are sorry to hear it.

Mr. MacNEIL: I endeavoured to make it clear, as I assured my hon. friend, that I am not offering any criticism of Doctor Grant. I am saying that this illustrates a procedure which should now be abandoned. I am bringing these matters to the attention of the government and asking that ex-service men should be given the protection which is denied them under this procedure because the report of the veterans' assistance commission asks that they be given this protection.

Mr. POWER: Does my hon. friend say that because a man is an ex-service man, if he takes part in politics—

Mr. BENNETT: Oh no, no.

Mr. POWER: Assuming he does take part in politics—I am not discussing the facts of this case, of which I know nothing—assuming an ex-service man who through his preference obtains a position in the civil service afterwards takes part in politics, should he not be dismissed the same as any other civil servant? Is that the argument my hon. friend is making?

Mr. MacNEIL: I am well aware that under the Civil Service Act a man who takes part in politics, who is guilty of partisan activity, is subject to dismissal, and I am not suggesting that a man guilty of partisan activity should be protected. I am suggesting that these men were innocent. They were not granted a trial; they were dismissed under a procedure which is unfair and vicious in its application because it denies to men a fair opportunity of establishing their innocence.

Mr. POWER: He was not dismissed because he was an ex-service man.

Mr. MacNEIL: Oh, no. But may I remind the minister that the report of the commission specifically requests that ex-service men be not dismissed—

Mr. POWER: With that section of the report I disagree. I want to be quite frank with the committee. First of all, any ex-service man receives a preference in respect of getting into the civil service. I contend, and I want to make it quite plain, for I stated my views even during the election to a gathering of ex-service men, that the man then takes his chances if he indulges in political activities, and is subject to the same penalty as any other civil servant.

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

Mr. POWER: That is the only point I wish to make. As to the case in Prince Edward Island, I know nothing at all about it, and I would much prefer to have my hon. friend bring it up when the Minister of Agriculture is on his own estimates, and not on a matter of this kind.

Mr. MacNEIL: May I refer again to the recommendation of the veterans' assistance commission:

That in order to set an example to private business firms, the government agree not to dismiss any ex-service man, except for misdemeanour, inability to perform duties in a satisfactory manner, or upon reaching the age limit for retirement.

Mr. POWER: Will the hon. member add, political partisanship?

Mr. HEAPS: "Misdemeanour" includes that.

Mr. MacNEIL: I agree that any act of partisan activity is a misdemeanour, and a dismissal might be justified. But no misdemeanour was proved in these cases, and I am citing these four cases to illustrate the necessity of implementing this recommendation.

Mr. SINCLAIR: How was it that during the term of the last government returned soldiers were dismissed in Prince Edward Island? Does the hon. member know that?

Mr. DOUGLAS: Two wrongs do not make a right.

Mr. SINCLAIR: Returned soldiers were dismissed down there on the charge of a member, just the same as in this case.

Mr. BENNETT: Only that in the one case they were justified and in the other they were not.

Mr. SINCLAIR: They were not justified in the other case.

Mr. BENNETT: These men denied it under oath.

Mr. SINCLAIR: The right hon. gentleman's government did not give the other men a chance.

Mr. BENNETT: They had a chance and did not deny the charge. They had the same chance as these men.

Mr. MacNEIL: I may inform my hon. friend that I have no knowledge of what took place previously. I am confining my remarks to these four cases as illustrating a procedure which I consider unfair, and especially unfair to the four men whose cases are before me, who gave excellent service overseas, who have given faithful service to this country, and have been denied a hearing. The injustice of that I bring to the attention of the government.

In this particular case a telegram was placed on file from Charlottetown, addressed to Major R. L. Wheeler, Ottawa:

We the undersigned shippers look upon the wholesale dismissal of inspectors under fruit vegetable act as the most disastrous action ever perpetrated by political interests against the potato turnip industry this province stop We have enjoyed compulsory inspector for several years but if majority trained men now in service are to be dismissed we will petition for right to do our own inspecting and will employ men now trained unless your department will guarantee reimburse us for losses suffered because of inefficient inspection stop Please convey to minister agriculture and to our representative Hon. Dunning the ridiculousness of this unwarranted action.

Signed,

P.E.I. Potato Growers' Association.
Associated Shippers' Inc.
Canada Packers Limited.
Poole and Thompson.
J. A. Macdonald and Company.
Matthew and McLean Company.
Carvell Brothers.
Jos. Read and Company.
DeBlois Brothers.

A letter has been placed on file confirming that telegram.

Again, I find on file a letter from the Dominion command of the Canadian Legion drawing to the attention of the Minister of Agriculture the obvious injustice of this procedure. The most important of these documents is the affidavit made by Mr. Donnelly:

I, Edward P. Donnelly, of Peakes Station in Kings County, Prince Edward Island, fruit and vegetable inspector, do solemnly declare and state as follows:

1. That I have been employed as fruit and vegetable inspector under the Fruit, Vegetable and Honey Act since 1931.

2. I received a letter dated the 27th day of August, A.D. 1936, from C. E. Shaw, senior fruit and vegetable inspector, informing me that my services would not be required after August 31st, A.D. 1936.

3. I inquired of Mr. Shaw as to the reason for my dismissal and he informed me that Dr. T. V. Grant, M.P. of Montague, had laid a charge against me that I had been guilty of political partisanship.

4. Since I was appointed inspector as aforesaid I have not taken any part at all in political matters and have not even attended a political meeting of any kind since my appointment, and I can say that I positively have not been guilty of political partisanship. I have no knowledge whatever as to the particulars of the charge laid against me by Dr. Grant but since I have not taken any part at all in politics I can only say that the charge is unfounded.

And I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath by virtue of the Canada Evidence Act.

The same procedure was employed with regard to Edward E. Jay, who worked each season from 1924 until his permanent appointment, and then continuously to dismissal. The date of the appointment was October 31, 1924, and he was dismissed September 1, 1936. In this case a similar letter was forwarded to the Minister of Agriculture, as follows:

July 30, 1936.

Honourable J. G. Gardiner, B.A., LL.,
Minister of Agriculture,
Ottawa, Ontario.

Dear Sir:

To my personal knowledge Mr. Edward E. Jay, seed potato inspector, Peake's Station, R.R. 1, Kings County, P.E.I., was guilty of political partisanship at the last federal election, and I recommend that he be dismissed from the service.

Yours respectfully,
Thos. V. Grant,
M.P. for Kings, P.E.I.

There was a letter from the deputy minister addressed to Doctor Archibald, director of experimental farms, dated August 21:

August 21, 1936.

Dear Dr. Archibald:

Dr. Thos. V. Grant, M.P., Montague, P.E.I., has accused the following employees of your branch of political partisanship: Mr. Charles

S. Mellish, plant disease investigator, temporary, Summerville, P.E.I.; Mr. Edward Earl Jay, district plant disease investigator, permanent, Peake's Station, P.E.I.

I would ask you to kindly advise these men of their dismissal from September 1st, 1936.

As Mr. Jay is a permanent employee, an order in council authorizing his dismissal will be necessary.

Yours very truly,
H. Barton,
Deputy Minister.

Mr. SINCLAIR: Does the hon. gentleman know what he is talking about? Does he know these men?

An hon. MEMBER: Do you know what you are talking about?

Mr. SINCLAIR: Yes, I know all these men. When the hon. gentleman talks about Doctor Grant making a charge against these men, let me tell him that Doctor Grant knew what he was doing.

Mr. MacNEIL: I am quoting from a sessional paper, a return brought down by the Minister of Agriculture. I made inquiries as a result of correspondence brought to my attention, and if I had time I could read pathetic letters written by some of these men.

The CHAIRMAN: I regret to interrupt the hon. gentleman, but he has gone considerably over his time.

Mr. McKENZIE (Lambton-Kent): Under the Department of Pensions and National Health for the fiscal year just closed there is a cash disbursement of $54,000,000 which, with administration, amounts to about $57,000,000. What proportion of that $54,000,000 is attributable to the last war?

Mr. POWER: Every cent, I should say, would be attributable to the war.

Mr. McKENZIE (Lambton-Kent): I am referring to the permanent force.

Mr. POWER: Speaking offhand I believe there is $1,200,000 for what are called militia pensions, and that is not administered by the Department of Pensions and National Health except that the officials of the department who are really officials of the treasury sign the cheques that go out to former members of the Canadian militia.

Mr. McKENZIE (Lambton-Kent): But practically all this amount is attributable to the last war?

Mr. POWER: Yes.

Mr. L. A. MUTCH: It is not my purpose to speak at any great length on the report and on the remarks of the minister with reference to it. It is rather difficult for one who is a supporter of the administration and at the same time a returned soldier to take a popular attitude towards legislation with respect to returned soldiers. Perhaps I may be following the example of none other than the present minister if, although a supporter of the government of which he is a member, I disagree with some of the things he has said. It may be that he himself has set the precedent. At any rate, with one or two remarks he made this morning I am bound to disagree.

I think I should begin by saying that our chief responsibility, as recognized by successive governments in Canada, has been the responsibility towards the disabled veteran, and I believe I shall be doing no more than justice to the successive governments in Canada in the period since the war if I say that we have now reached the stage where there is generally almost complete satisfaction with the legislation dealing with the problems of disabled veterans. I am fully aware that in a great many individual instances that degree of satisfaction does not obtain; but generally speaking I believe it does, and I am very much concerned lest the introduction of something which I conceive to be a great responsibility of the people of Canada, wherever it may be placed, namely, the care of unemployed returned soldiers, should be dealt with in this house, or elsewhere, in such a manner as to prejudice the position of the disabled veterans who are as fortunate as I believe them to be at the present time.

The minister in the course of his remarks said that he would not recognize the plight of the unemployable non-disabled veteran as a responsibility of the federal government. Personally I hope he will not recognize their plight as the responsibility of the Department of Pensions and National Health—why National Health should be tacked on to it I could never make out; I do not see why it should not be the Department of Pensions.

On the other hand, I do disagree with the minister in this respect. I believe that so long as one of those lives who served, there is a responsibility devolving upon government in Canada. I do not believe that all that can be learned has been discovered; I do not believe that at this moment we are in a position to say definitely what we can do for that percentage of the unemployed, the non-disabled soldiers who will never be employed. In every constituency in Canada there are men—I do not know exactly what the percentage is but I suspect it is not as large as we have been sometimes told—who have done practically nothing since the war and who will never do anything as long as

they live, but who remain, in spite of that, a peculiar charge on the people of Canada. I do not believe that the percentage of these misfits—I mean, of course, misfits in the industrial life of the country—among the non-disabled returned soldiers on relief is any higher than it is among others on relief who are not soldiers. I do not believe it is any higher, if as high; but in my opinion there is a responsibility on government in Canada; and whether it be a federal responsibility or a municipal or provincial responsibility is a matter of opinion.

I am not in accord, personally, with the view held by this government and by preceding governments that unemployment is primarily a responsibility of the municipality and the province. That view does obtain and has obtained in the past, and so long as such a policy is followed I do not think that the Department of Pensions and National Health, who are charged with a definite duty to look after disabled returned men, should be interfered with in their work. The support they have received from all parties and all classes and groups of people in Canada should not be imperilled by dragging in this other question of a bonus or some financial consideration for every man who wore a uniform. I am afraid of that. I am afraid of the cost of it—not that it cannot be paid, but I am afraid there would be a reaction in the minds of the people of Canada, who have treated their disabled veterans more generously perhaps than any other nation engaged in the great war. I want to see that spirit maintained. For that reason I think that in the course of time—and I am not sparring for time; I do not need to; I have no other interest in this than a sincere desire to see done what is fundamentally necessary—something will be done. I am not anxious to see it done now so much as I am anxious to see it done properly when it is done.

We have departed from the idea that the disabled veteran is the only responsibility of the federal government, by the institution of the Veterans' Allowance Act. That it has worked very well is a credit to those who conceived it, and particularly to those who carry out the functions of the board. But that it was in a measure the thin end of the wedge introducing the idea of some sort of financial recompense to all who wore the uniform was abundantly proven by the remarks of the last speaker, the hon. member for Vancouver North (Mr. MacNeil). Both the hon. member for Vancouver North and the hon. member for Vancouver South (Mr. Green) used the success of that board as an argument for expanding the thing a little further. Frankly I am concerned lest the idea of direct federal assistance to the unemployed veteran should come into conflict with the policy of leaving the responsibility for unemployment relief to the provinces and the municipalities. I am anxious lest a conflict should develop there which would hurt the whole cause of disabled veterans. I conceive such a conflict to be not only possible but probable. It is in fact absolutely necessary that something be devised in the future, some way of recognizing the complete unemployability of a percentage of returned men. I am satisfied, despite all remarks to the contrary, that this government or a succeeding government will have to meet that condition, and I have some ideas as to how it should be met. But I am concerned that it shall not be met at the expense of disabled veterans in Canada. For that reason I should like to suggest to the minister and the government and all who have sincerely at heart the interests not only of disabled veterans but unemployed veterans, that we should seek first to establish clearly who are the unemployables—I do not use those very wordy terms employed last year to establish unemployability. I am concerned that we find out who are the nine, ten, fifteen, nineteen, or twenty-three thousand men who served in the war and who will not work again. When we know them, when we know their circumstances, this or some other government will have to do something about it.

If we are to be consistent, if we say that unemployment relief is a provincial and municipal matter, we had better see about doing something in the nature of a special enlargement of the old age pension plan whereby the dominion government might accept some additional responsibility—after all we now pay 75 per cent—keeping the responsibility for administration in the provinces or the municipalities, where the government evidently believes it should be kept, but at the same time assuming more responsibility for it. We cannot leave this matter in its present situation. We have to remember that we in Canada have a particular and peculiar and never-ending responsibility for every man who wore the uniform. I do not know that we have a monetary responsibility, but we have a responsibility which is more than moral. We cannot leave it to those who advocate throwing the thing open for a bonus. We cannot pay it with money. If we paid bonuses every year until the last soldier of the great war is dead, when the last man came, if he were still dependent on someone else, he would be a responsibility of ours. We cannot get away from that, and the

comparative indifference of governments generally, and even of some hon. members of this house, to that problem and all that it involves, does not change the fact; it is there. But the returned soldiers of Canada will defeat themselves and defeat any possible recognition of their problem if we continue to bear down more and more to the point where the generation growing up now, to whom the great war is simply history and a dull subject—I say that if we keep on hammering on that line we shall defeat the very purpose we have in view.

So, in conclusion, I beseech the government and the minister that in their future consideration of the problem, they be advised by these veterans' assistance committees as to who the unemployable veterans are in each district, and that they devise some policy to be administered outside of the Department of Pensions, and fix it in such a way that we shall not be everlastingly coming back and trying to chisel something out of this legislation or inserting something into that other, to the end that we may eventually take care of everyone who is demonstrably in need.

Mr. T. L. CHURCH (Broadview): I wish to say a word in support of clause (b) of the report, to which the hon. member for Vancouver South (Mr. Green) referred this afternoon. There are a large number of imperial veterans in the constituencies of Parkdale, Greenwood, Danforth and Broadview; in fact, I have the headquarters of the imperial veterans in my riding to which men come from all over the city.

As a civilian I wish to congratulate the chairman and the soldier members of the committee on the splendid work it has done, and they must not get discouraged in serving a good cause. I know many of these imperial veterans, non-participants in this unemployment assistance, who came to Canada before 1930. They were mostly industrial workers, and when the depression came they lost their jobs. They do not want charity; they want work. Many of them were skilled workmen in different branches of the building industry, carpenters and mechanics. They were attracted here by the steamboat companies, which between 1920 and 1930 had large posters all over the old country advising returned men to come to Canada. It was fortunate that we had that class of immigration, because they have been an element in suppressing communism. I plead for those men that they may be helped, within Canada and externally. We should clean our own house.

[Mr. Mutch.]

I know the minister will not think I am reflecting on the department, but after all is said and done municipalities give the preference to returned men who have lived in the city for a year. That has been extended not only to members of the Canadian expeditionary force but also to the imperials as long as they have lived there a year. But owing to economic conditions the municipalities have been starved in regard to public building and construction work.

The right hon. leader of the opposition made a most constructive suggestion the other day when he proposed that relief expenditures on construction should be linked up and coordinated with the work of the pension department, because the municipalities can do more than any other agency to help out this federal department as most of these men are skilled mechanics and industrial workers. I think a certain amount of work should be earmarked for them, because these men cannot go out on the road; they could not go up to Chapleau or White River and work, but they are equipped to work on municipal undertakings that may be built for the future, such as urban and suburban schools, hospitals, breakwaters and so on. I think if the work of the different governmental departments could be coordinated and the proper agreements made with the provinces to provide municipal relief works of all kinds, we might give the minister of pensions a pretty free hand so that something might be done.

I have seen the suffering of these poor ex-soldiers; I have a great many of them in my riding. During the Christmas season last year the press made reference to the lot of these poor men. Many of them tried to get extra work with the post office, but were unable to do so. I know when Poppy Day was advertised, at the same time there appeared in the newspapers requests for used clothing, baby carriages and other things for the use of these people.

I am in favour of the suggestion advanced by the hon. member for Vancouver South (Mr. Green); I believe something should be done to coordinate the work of the imperial government and this government, because these poor people are suffering. I have spoken to the principals of the three largest collegiates in the city of Toronto about these men. Many of them are on relief. Some of them get an imperial pension of $20 per month, and along comes an inspector who says: You must get off relief because you have a pension. I admit that they have been given some further assistance, but I think there is still room for improvement. I do not see why their children should have to

suffer because their fathers were imperials. That is hardly the imperialistic spirit we should have, and I think some arrangement should be made to take care of the children. I see no reason why they should be penalized because their fathers happened to come here before 1930. It is almost nineteen years since the war ended. I see these imperials every day; a great many of them live in the riding of Parkdale, and they are suffering terribly. I have been in some of their homes; I have spoken to the teachers in the schools and I receive letters almost daily. I think we should do something for these people, though I want to thank both ministers for the way they have cooperated with me.

Mr. POWER: Since we have had an hon. member from Winnipeg and an hon. member from Toronto both speaking with regard to imperials, perhaps it might be well to place on record what approximately is received by those on relief, including imperial civilians, in those two cities, and it must be remembered that they would not receive one cent more under any recommendation that is now before the house. The rates per month are as follows:—

	Toronto	Winnipeg
With 1 dependent..	$40 50	$41 35
With 2 dependents.	45 75	45 85
With 3 dependents.	50 75	55 09
With 4 dependents.	60 10	62 04
With 5 dependents.	64 15	71 12
With 6 dependents.	67 95	75 61
With 7 dependents.	71 50	85 03

That is what every civilian receives, whether he is an imperial or anything else. That may be a distressing condition; I do not say it is not, though I know plenty of people in my city and in the country place where I reside who, if they had $85 a month, would bring up twelve children and educate three of them to be lawyers. In any case, these are the rates of relief for civilians in these municipalities. No one proposes that the departmental rate should be greater than that. This is the rate received by the imperial living in Winnipeg or Toronto now; that is the rate of relief for the imperials living in ninety per cent of the cities of Canada to-day, with the possible exception of Vancouver. The only persons who would be benefited by this, in regard to those imperials who came to Canada after 1924, would be the imperials living in the city so ably represented by my hon. friend the Minister of National Defence. I am afraid he is being discriminated against. I want to make it quite clear, however, that no matter how much I might wish to implement this recommendation, these people in Toronto, Winnipeg or anywhere else would not receive any greater amount; so I think we have been talking largely at cross purposes most of the day. The only place where there might be some slight increases would be in Vancouver and some of the smaller villages and towns in the eastern part of the country.

Mr. MacNEIL: Continuing to place before the government the evidence in regard to these dismissals I wish to read a letter addressed to Mr. Jay, signed by the dominion botanist, and dated August 24:

Dear Sir:

We have been notified that Doctor Thomas V. Grant, M.P., Montague, P.E.I., has accused you of political partisanship, and we have been instructed by the department to advise you of your dismissal from the service, effective September 1st, 1936.

Yours very truly,
F. L. Drayton,
Acting Dominion Botanist.

Then there is order in council P.C. 2156, dated August 26, 1936, which reads:

Agriculture:

The committee of the privy council have had before them a report, dated 22nd August, 1936, from the Minister of Agriculture stating that a communication has been received from Dr. Thos. V. Grant, member of parliament for the electoral district of Kings, P.E.I., in which he represents that, to his personal knowledge, Mr. Edward Earl Jay, Peake's Station, P.E.I., employed as a district plant disease investigator, has been guilty of active political partisanship.

The committee, therefore, on the recommendation of the Minister of Agriculture, advise that the services of Mr. Edward Earl Jay be dispensed with, effective September 1, 1936.

E. J. Lemaire,
Clerk of the Privy Council.

In subsequent correspondence Mr. Jay requests information as to his rights with regard to benefits under the Superannuation Act and in regard to statutory leave. This matter was dealt with by the department, and I find that on September 9 the director of the central experimental farm writes to the acting dominion botanist as follows:

Dear Dr. Drayton:

I have your letter of September 8, in regard to the dismissal of Messrs. E. E. Jay and C. S. Mellish.

I note Mr. Jay is demanding an investigation inasmuch as he claims never to have taken part in politics, and that Senator Macdonald is very much interested in his case. If Senator Macdonald feels this way about the matter (and I am pleased he does), I think he should wire the Prime Minister or get in touch with the local member, Dr. T. V. Grant, and endeavour to straighten out the matter with him. The law is absolutely rigid in matters of this kind,

namely, if a member of parliament accuses an employee of political partisanship, that employee must be dismissed immediately.

Naturally, Mr. Jay will not be entitled to any further statutory leave. Moreover, his dismissal automatically debars him from obtaining a refund of his contributions to the superannuation fund or any gratuity under this act.

Yours very truly,

E. S. Archibald,
Director.

That is an important letter, indicating that under the procedure adopted, these men were denied privileges ordinarily extended to employees retiring from the civil service. Subsequently the matter was protested by the dominion office of the Canadian Legion. The protest was directed to the Minister of Agriculture, and his letter in reply is very interesting. It is as follows:

Ottawa, September 9, 1936.

J. C. G. Herwig, Esq.,
Dominion Headquarters Service Bureau,
The Canadian Legion,
Ottawa.

Dear Mr. Herwig:

I have yours of September 2nd, protesting the dismissal of Mr. Edward Earl Jay, who you state is a returned soldier and was employed by this department for the last twelve years in the division of botany at the experimental farm at Charlottetown. This will also acknowledge receipt of your letter of the 4th September.

I can only say that the action was taken under the practice which has prevailed for a number of years in connection with such matters. The practice followed is that where a member, on his own responsibility, states in writing that a man has been politically active, his word is taken on the ground that he is in a position to be called upon to answer for his action on the floor of the house. Where anyone else makes complaint, a full investigation is held.

Yours sincerely,

James G. Gardiner.

Then follows the affidavit:

Canada
P.E.I.

In the matter of the dismissal of Edward E. Jay from the position of District Seed Potato Inspector for Prince Edward Island.

I, Edward E. Jay, of Charlottetown, in Queen's County, in Prince Edward Island, district seed potato inspector for the province of Prince Edward Island, do solemnly declare and state as follows:

1. That I have been employed with the Department of Agriculture, Division of Botany, as Seed Potato Inspector for this province since 1924 and have been continuously employed as a permanent inspector since February 1928. I was promoted to the position of District Inspector in the early summer of 1930.

2. That on August 29th, A.D. 1936, I received notification of my dismissal as such District Seed Potato Inspector, such dismissal to be effective on September 1st, 1936. The reason given for the dismissal being that Doctor T. V. Grant, M.P., had accused me of political partisanship.

3. I positively have no knowledge whatever as to the nature of the charges made against me as I have never taken any active part in politics and never attended a political meeting in my life. These statements apply both prior to and since my appointment.

And I make this solemn declaration, conscientiously believing the same to be true and of the same force and effect as if made under oath and by virtue of The Canada Evidence Act.

Declared before me at Charlottetown, in Prince Edward Island, this 5th day of September, A.D. 1936. (Sgd). Edward E. Jay

(sgd.) R. H. Rogers,
Notary Public for the Province
of Prince Edward Island.

A man with something like thirteen years service in the department is dismissed without a fair trial, denied his rights under the Superannuation Act, and other benefits he had a right to expect after a period of service.

I refer now only briefly to the case of Edward Cairns, whose date of appointment was September 24, 1928, and who was dismissed on September 15, 1936. There is a similar letter signed by Doctor Grant, the member for Kings county. I bring this case to the attention of the committee because apparently there was a dismissal by wire, under authority of a letter written by the director of the central experimental farm. That letter under date of September 14, 1936, is as follows:

The Dominion Botanist,
C.E.F.

Dear Mr. Gussow:

I quote a memorandum from the Deputy Minister under date of September 10:

"Dr. Thos. V. Grant, M.P., Montague, P.E.I., states that, to his personal knowledge, Mr. Edward Cairns, Plant Disease Investigator, Peake's Station, P.E.I., was guilty of political partisanship at the last federal election. Kindly advise Mr. Cairns of his dismissal from the service, effective September 15."

Will you kindly notify Mr. Cairns of his dismissal by wire, as it is effective from September 15.

Yours very truly,

E. S. Archibald,
Director.

Apparently he received one day's notice of his dismissal, and, as in other cases, was denied a hearing. His affidavit is as follows:

Canada
Prince Edward
island

In re matter of the dismissal of Edward Cairns of Baldwin's Road, in King's County, in Prince Edward Island, Returned Soldier, from the position of Seed Potato Inspector under the Dominion Department of Agriculture.

I, Edward Cairns, of Baldwin's Road in King's County, in Prince Edward Island, Seed Potato Inspector, do solemnly declare and say as follows:

1. That I have been employed as Seed Potato Inspector since October, 1928, in the province of Prince Edward Island.

2. That I received a letter dated September 15th, 1936, from S. G. Peppin, of Charlottetown, in Prince Edward Island, Senior Inspector, to the effect that Doctor Grant had laid charges of political partisanship against me and that the Department of Agriculture had ordered my dismissal from the service effective from September 15th, 1936.

3. I have not taken any part whatever in politics since my appointment as such Seed Potato Inspector, and I have no idea whatever as to the nature of Doctor Grant's charges, nor what they amount to, but I say positively that I am not nor have not been guilty of any political partisanship since my appointment as aforesaid.

And I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

(sgd.) Edward Cairns.

Declared before me at Charlottetown in Queen's County, in Prince Edward Island, this 17th day of September, A.D. 1936.

(sgd.) R. H. Rogers,
A Notary Public in and for the
Province of Prince Edward Island.

The whole matter is summed up admirably in a letter addressed to the Prime Minister by the General Secretary of the Canadian Legion. It is as follows:

Dominion Headquarters,
Ottawa, Canada,

December 7th, 1936.

The Rt. Hon. W. L. Mackenzie King,
C.M.G., P.C., M.P.,
Prime Minister of Canada,
Ottawa, Ontario.

Dear Mr. Prime Minister:—

It is with reluctance that, on behalf of the Dominion Command of the Canadian Legion, I bring to your attention the plight of four returned soldiers in Prince Edward Island who have been summarily dismissed from the Department of Agriculture following charges of political partisanship. There now seems to be no other course open but to take this action in view of the very strong feelings aroused in respect to the manner in which these dismissals have been effected. We cannot escape the convictions that certain principles of justice are involved which, we submit should be all the more assiduously maintained and practised at a time when democratic principles and institutions are being so seriously challenged throughout the world.

According to our advice, about two months ago, charges of partisanship were preferred by Doctor T. V. Grant, member of parliament for King's County, Prince Edward Island, against Edward Earl Jay, Edward Cairns, Edward P. Donnelly and Charles McLeod, who have been civil servants for periods of thirteen years, eight years and five years each, respectively. It is understood that Doctor Grant has declared that it is of his own knowledge that these men are guilty, and, as a result, dismissal ensued without further inquiry. On the other hand, each of them has furnished a sworn statement disclaiming all knowledge of any specific charges and denying any partisan activity whatsoever. Copies of the statements are enclosed.

Representations made to the Honourable the Minister of Agriculture with a view to delaying the drastic action of dismissal until an investigation could be made into the charges have so far met with no result. He has informed us, however, as follows:

"I can only say that the action was taken under the practice which has prevailed for a number of years in connection with such matters. The practice followed is that where a member, on his own responsibility, states in writing that a man has been politically active, his word is taken on the ground that he is in a position to be called upon to answer for his action on the floor of the house. Where anyone else makes complaint, a full investigation is held."

If this interpretation of the situation is correct, then it is not clear what procedure must be followed to bring their cases before the house. Very frankly, we fear that if the matter is brought in through opposition channels, such an eventuality might easily become simply a partisan discussion and would not be likely to afford the best method of determining the facts upon which a fair judgment might be rendered. Furthermore, it would not appear desirable to publicly air incidents of this nature whereby apparently guilt is determined and punishment afflicted without hearing, a procedure so alien to a democratic sense of justice.

In addition, it is learned that in this same constituency, six other employees of the Department were also released on similar charges. The legion submits very strongly and sincerely trusts you will agree that the dismissal of ten civil servants on the unsupported word of one individual should not be permitted without those affected at least learning the nature of the specific charges made, and being afforded the opportunity to defend themselves. It should be remembered that these men not only lose permanent employment, but also their provision for old age in the form of superannuation savings. Unspecified and unsupported charges made by any individual carrying with them such harsh and drastic penalties surely should at least be set forth and made subject to some form of impartial review. In behalf of these four returned soldiers, it is urged that they be given a hearing before some competent body to determine their innocence or otherwise.

Mr. SINCLAIR: Would the hon. member inform me who the other employees were who were dismissed?

Mr. MacNEIL: I mentioned them earlier in my observations, but I should be glad to give the hon. member the information. The letter continues:

May we make it quite plain that in pressing this matter the legion has no desire whatsoever to embarrass the government. We are aware

that unhappy cases have occurred as a result of charges made by members of both the historic parties in various parts of the dominion in the past. It is felt, however, that the principles involved are now a matter of such serious concern, and the reactions to what has been done so unfavourable, that we have no alternative but to bring the matter to your attention; and this we most respectfully do in the very sincere hope that it may be considered to be in the best interests of all to dispense with this method of dealing with alleged partisan activities of civil servants and affording them a fairer way of defending themselves.

Trusting that these matters will receive your earnest consideration,

I am, sir,

Your obedient servant,

J. R. Bowler,
General Secretary.

I think the particulars I have quoted from the sessional paper clearly state the case. I would urge the Minister of Pensions and National Health (Mr. Power) to bring this matter to the attention of the government, particularly in view of the recommendations made by the veterans' assistance commission. He will understand, as I do, that these men fought for British justice and they are entitled to receive British justice. They have been denied that justice in connection with their complaints. I do not know upon what statutory authority this procedure has been maintained, but as a member of this house I can see no reason why the unsupported word of a member of parliament should be accepted in cases of this nature and the man concerned be denied a fair hearing. It is true that when a man is guilty of political partisanship he is subject to dismissal under the terms of the act, but I would point out to the minister that under the Inquiries Act ample provision has been made for the holding of suitable inquiry within a department to determine whether or not such charges are well founded.

I am sorry that the Minister of Agriculture (Mr. Gardiner) is not in his seat as it might possibly be he could assist us in arriving at a solution of this problem, leading to the reinstatement of these men. I contend that in view of the evidence contained in this return we have the right to expect some statement from the government. I urge the government to abandon this procedure and provide some means of holding a fair and impartial inquiry into such charges, in order that those men who have given faithful service might be protected. I think the minister will be as anxious as I to protect men against injustice.

I apologize for taking up so much of the time of the committee but I did so because I have been bombarded with correspondence, not only from the constituency which I represent and the province in which I live, but from units of ex-service men as well as individual war veterans throughout Canada. All of these men are in dire distress, and I felt I should make at least a feeble endeavour to place their views before this committee. The minister has stated that some 100,000 men are dependent on government aid. I think he should clarify that statement. Those who receive pensions do not receive assistance to a degree to provide an adequate return. The majority of the pensioners receive pensions of less than $35 per month. The number receiving pensions in the second lowest classification is something like 16,000.

Mr. POWER: If it is lower than the scale of municipal relief which I have just quoted, it is brought up to that figure.

Mr. MacNEIL: Even with that assistance it is still inadequate. The recommendations made by the commission are really an interim report in connection with an emergent condition. The foundation is laid down there for a general and comprehensive plan which would enable us to deal with this matter promptly and effectively. Unless it is dealt with effectively and without delay, it will become so aggravated as to require even more costly remedies in the years to come.

Mr. VICTOR QUELCH (Acadia): Mr. Chairman, I am going to be quite brief in my remarks. I want to refer shortly to the statement made this morning by the minister with which we in this corner were somewhat disappointed. I have in my hand a telegram from the president of the Alberta branch of the British Empire service league, similar to the one read by the hon. member for Vancouver North (Mr. MacNeil). We feel that in the past we have evaded and are at present evading a great responsibility by refusing to take care adequately of the unemployed veteran. I am referring particularly to those men who are unemployable from the point of view of industry. The minister referred to the recommendations of the assistance commission advocating service pensions, but I do not think that was a fair statement to make. A service pension means a pension to all men who served during the war, while the recommendation of the commission only asks that assistance be given to those men who are unemployed or on relief. That is an entirely different matter.

After all, this is only a temporary problem as it will be only a few years before these men will be entitled to receive assistance under the War Veterans' Allowance Act. I

urge strongly that action be taken in connection with the proposal of the hon. member for Vancouver South (Mr. Green), namely, that the age limit under the War Veterans' Allowance Act be reduced from fifty-five to fifty years. This was recommended to the committee which sat last year. Provision is made in the War Veterans' Allowance Act for veterans who are permanently unemployable, but unfortunately a very strict interpretation is given to this provision. I know many men who are at present unemployable, and I have no doubt other hon. members know many men in the same condition. These men cannot get assistance under the War Veterans' Allowance Act as it does not cover the veterans who are unemployable from the point of view of industry. There is a difference between the man who is unemployed from the point of view of industry and the man who is unemployable from a medical standpoint; but they are both in the unfortunate position of not being able to maintain themselves.

It is only natural that a number of returned men should be losing faith in the government. Commissions are appointed to investigate their cases, recommendations are brought in, and then the government refuses to take any action. The minister has stressed how much has been spent on the returned man in the past in an effort to show that he has been well looked after. I claim that that is not the important point. The important point is how much is needed to adequately fulfil our obligations to the returned men, and how nearly have we come to fulfilling those obligations. To quote large figures means nothing, unless you make the comparison to which I have referred.

It seems to me that to talk of training men forty-five years of age and over for new jobs is sheer nonsense, especially when you consider that there are thousands of young men, many of them fully trained, who are looking for jobs.

In closing I again urge that an amendment be made to the War Veterans' Allowance Act reducing the age limit from fifty-five to fifty years. I also urge that we take immediate action to implement the recommendation of the war veterans' assistance commission. There is one recommendation in the report which I think is very unfair. It states:

> It is presumed that veterans living on their own farms and registered as in rural farm areas would not benefit under any scheme of payment of extra relief to non-pensioners, because of benefits received by them from their farms.

I think it will be found that the greatest need for relief in western Canada is in the drought area. Many returned men have not been able to maintain themselves, and are in a worse position than those who are receiving relief in the cities.

Hon. H. H. STEVENS (Kootenay East): Mr. Chairman, I shall try to state my views as succinctly as I can. The plight of the war veteran is a subject that has been before parliament at almost every session for the last twenty years. I should like to take this opportunity to pay tribute to the minister (Mr. Power), who as a private member of this house has rendered invaluable service in years gone by on the various committees appointed to look into this matter. The same thing might be said of other ex-service members of this house who have served on the various pension and soldier committees of this house.

It has been the practice over the years for those of us who are not ex-service men to leave this matter in the hands of the ex-service members. I think that has been the general attitude. I know that over this long period of time I myself have rarely obtruded my views on this subject. It was not through any lack of interest or sympathy for the ex-service men, but rather because their interests were being so efficiently cared for by their comrades who were members of this house; and it seemed to me unwise for those of us who were not ex-service men to obtrude our views upon the house.

I think it is unfortunate that this subject has come up so late in the session for it is one of very grave importance. I listened this morning to the minister, and so far as his technical description of the system and of the various laws applicable to the subject is concerned, his speech was admirable in every respect and deserves, I think, to be commended. His statement of his attitude, wherein he differed from the report referred to, was very frank; he has always been courageous in expressing his views. But I interpret his attitude to be substantially an answer of "no" to the suggestions of the commission. This brings us to what I conceive to be the root of the whole problem, and that is the question of accepting responsibility for the care of ex-service men who are not in receipt of pensions. The minister will correct me if I misinterpret him—I do not think I do—when I say that his attitude is that where an ex-service man is in receipt of a pension the department and the government take full responsibility for his care and relief; but where he has no pension, no responsibility is accepted. I hope that hon. members, and particularly the government, will give a little thought to that proposition.

Mr. POWER: The proposition is not new; that is the theory.

Mr. STEVENS: I quite agree that it is not new, excepting in this sense—

Mr. POWER: It has never been stated so frankly before.

Mr. STEVENS: It is new in this sense, that after years of experience a commission set up by the government, and which carried, I think, the general approval of the house, made a finding. The house had found it difficult to come to a conclusion and the commission was appointed for the specific purpose of advising us; but when its finding is made, it is, to put it mildly, disregarded.

I ask hon. members to consider this proposition: Why should we discriminate between ex-service men who are pensioners and ex-service men who are not pensioners? Let us look very briefly at the position of the ex-service men in receipt of a pension. A man may have had a wound which does not incapacitate him, but under the legal and technical description of qualification for pension he is entitled to and receives a pension. He may be physically less impaired by war service than many thousands of men who to-day are unable technically and scientifically to connect up their disability to war service. That is so clear that no one will dispute it. That takes me one step further.

I fully recognize the difficulty of drafting a statute which will do justice to all ex-service men, and at the same time safeguard the treasury against impositions by those who may not be deserving of a pension. The law must be rigid and specific; it has been so drafted and has been adopted by parliament. But I do not suppose there is an hon. member who has not met many ex-service men who, he is convinced, are suffering to-day disabilities because of war service, but who are denied a pension because they have no past medical histories on the files of the department, or because medical science is unable to relate their present day disabilities to war service.

I suggest that every hon. member should during the coming recess visit a military hospital in his district, and personally go through it and see the patients there. I have been through many of these hospitals, and it is one of the saddest experiences possible. I remember that a year or two ago I was personally conducted to each patient by the medical superintendent of the Winnipeg hospital. I was told that a great many of the inmates—I have forgotten the number, but it was substantial—were not on pension, yet the condition and the sufferings of some of them were tragic. It may be answered that they were being taken care of. True; but what impressed itself on my mind was that simply because medical science is unable definitely to tie up their disability to war service was not a reason for refusing them pensions.

Mr. POWER: Or their condition must be due to something that has nothing whatever to do with war service, just as the condition of any ordinary civilian would be. Twenty years have elapsed since the war.

Mr. STEVENS: That is true, but I submit that simply because medical science cannot positively relate their sufferings to war service is not a sufficient answer. For instance, a case came to my notice not long ago of a man who had served four years at the front; twice he was disabled, but each time he returned to the front and gave willing service. He was of the very best type of war veteran. The appeal court stated in their report that he was a particularly high type of citizen and they did not question the truthfulness of his statements; but some of his testimony as to his experiences in the war lacked corroborative evidence. I believe he claimed to have had trench feet; the medical sheet did not disclose it, and therefore his word, though regarded by the tribunal as reliable, could not be accepted as evidence. That is a pretty narrow interpretation of the law.

Mr. POWER: It is not according to the statute. It is contrary to the statute.

Mr. STEVENS: But it is according to practice; I know because I have had to do with a good many cases. One of my complaints against the administration of the pensions act is the meticulous insistence upon medically and scientifically connecting up the man's disability with war service. I believe that the law should be reviewed now that twenty years have passed since these men came back and now that disabilities are coming to the fore and becoming very prevalent.

If medical science cannot prove that disabilities are attributable to the war, the shoe should be on the other foot; we should ask medical science to prove that they are not due to the war. That suggestion is worthy of consideration. When there is a problem case, when the man has a good record and has what I may call the ancillary evidence to support his claim, medical science should be asked to prove that the man's condition is not attributable to the war. I know of case after case where, simply because it was not clearly and

scientifically proven that the applicant's condition was due to war service, the application for pension was denied. I do not wish to open up individual cases in proof of this statement, but a consideration of them does affect this principle of responsibility. That is one reason. The minister had answered over and over again, and quite correctly, that these men get their relief from the municipalities or the province or some other source, and therefore they have no cause for complaint. But, Mr. Chairman, in the first place it is the same taxpayer who is paying the money, whether the man gets his relief from the municipality or the province or the dominion. But the poor veteran is in this unfortunate position: he is told by the municipality or by the province, "It is true you have some claim for relief, but the federal government ought to look after you; we have got more than we can look after now." Therefore the poor veteran finds himself between the devil and the deep sea. The minister can choose whichever position he likes.

Mr. POWER: But he gets relief just the same.

Mr. STEVENS: He finds himself on the horns of a dilemma.

Mr. POWER: But he gets relief.

Mr. STEVENS: Yes, he gets relief; but it is the taxpayers' money that has to supply it, and we know that the municipalities find it almost impossible to carry on. We are giving special concessions in regard to old age pensions and pensions for the blind, both of which I entirely endorse. Why, then, should not the Dominion of Canada recognize that inasmuch as this great relief problem is certainly beyond either the province or the municipality—that is admitted—the time has come for the dominion government to say frankly that it will take a step towards the solution of the problem by assuming responsibility for certain veterans of the great war, citizens of this country. There is no need for any new machinery because the machinery exists at the present time, and it would do away with bickering, and would cost the country not one cent more.

Mr. POWER: What about administration? Will there be officers of my department in every village and every hamlet of the country?

Mr. STEVENS: I venture to say that the minister's department to-day reaches out into every district in the country, not to every village, but to every district, and it has to deal with two or three sick veterans wherever they are hospitalized. In the matter of pensions, the department has to deal with the pensioner wherever he may be, no matter in what village or hamlet. I say therefore that the machinery is there, though it might call for an increase in the personnel to run it. It is a question whether this parliament is prepared to assume responsibility for the war veterans, and I submit that it would be sound policy and good practice for us to adopt that principle. Let us decide, as a step towards relieving the municipalities and provinces of a part of their burden, to take the veterans under our care. That is my first suggestion.

I wish now to refer to the most extraordinary recital that was given a few minutes ago by the hon. member for Vancouver North (Mr. MacNeil). I am as well aware as any member of this house of the old practice with regard to dismissals. When I first came to parliament twenty-six years ago, a member of parliament had the right to say that of his own personal knowledge someone was guilty of partisanship, and that person would be dismissed; more than that, when I first came to the house, any employee of the government would be dismissed at the mere request of a member. That was the system then in vogue, the old patronage system. We have gone a long way from that, fortunately. We have attempted to build up a sound, well-established, responsible civil service in Canada. The Civil Service Act, with all its faults, has been one of the most important progressive steps ever taken in Canada. There is much that can be done to improve the system, and here I would interject one observation, namely, that we should carefully watch bureaucracy within the service; that must be watched. But it does not follow, because there is some bureaucracy, autocratic bureaucracy within the civil service, that the present system should be wiped out. Not at all.

As regards these ten veterans, however, it appears that four of them were appointed under the regime of the present party prior to 1930, and they are dismissed at the request of a member, without a hearing, and without being apprised of the specific offences of which they are accused. The statement is simply made that the member knew that they were partisan and that they should be dismissed. That is a retrograde step; it is something that has not been sanctioned in this house in recent years. True it is that Sir Wilfrid Laurier laid down a dictum that has been frequently quoted, to the effect that if a member seriously stated on his own responsibility as a member that he had personal knowledge that the person complained of had been guilty of partisanship, that person should be dismissed. That dictum has been accepted and acted upon by both the old parties for

many years. But I can recall discussions that took place when Sir Wilfrid Laurier, Sir Robert Borden and other leaders of past days were in the house, when it was invariably admitted that the person accused should have an opportunity to be heard; and if in his reply he denied the charge, an investigation was held. That has been the invariable procedure in the last ten or fifteen years. Usually a commissioner has been appointed, the person accused has been summoned to appear before that commissioner; his own statement has been taken, together with the evidence of his accusers; and on an adverse report of the commissioner the governor in council has passed an order of dismissal. That has been the practice. I am not saying that it is one that we should adhere to rigidly; my hope has been for many years that we might take still more progressive steps to ensure employees in the public service receiving some measure of protection in order to preserve continuity of service.

Who could fail to be impressed, as he heard them, with the names of the business firms attached to the protest in the matter now under consideration? I forget how many there were, but half a dozen occur to me as I speak. The names were read into Hansard. These firms are doing business all over the world, shipping chiefly potatoes, one of the great crops of Prince Edward Island, of which the people of that province are justly proud. One of the things Prince Edward Island prides itself on is its thoroughly up-to-date system of grading the potato crop, for it enables the people there to market that crop not only in the other provinces of Canada but in other parts of the world as well. Look at the island's trade with the United States in seed potatoes; it is of great importance. It is idle, therefore, to say that employees of this calibre, engaged in such work, could be dismissed and presumably as easily be replaced, without injury to the service. The matter is much more serious than appears on the surface.

The minister may justly reply that he did not do it, and therefore the matter should not be brought to his notice. I am putting it to him, first, as the custodian of the interests of the veterans of Canada, and secondly as one of the most distinguished members of the ex-service fraternity in the country—and I say that in absolute sincerity. I give him that credit with absolute sincerity. He knows the pride I have in him as one of its most distinguished members, and I lay on his shoulders the responsibility of seeing that his fellow-veterans get a square deal. They certainly are not getting a square deal in this instance. No man, I care not how partisan he may be, can in his honest moments sanction an action of that kind. I was greatly shocked when I heard the recital—

Mr. POWER: Will my hon. friend pardon my asking whether he was equally shocked when the same thing happened while he was a member of a government, with respect to potato inspectors in the constituency of Frank Smith; men discharged on the word of a member of parliament, and returned men too.

Mr. STEVENS: I have been shocked for twenty-six years.

Mr. POWER: And I am shocked equally with my hon. friend.

Mr. STEVENS: When I first came to parliament a member was entitled to request the dismissal of any public servant, and it would be granted—

Mr. POWER: And still is.

Mr. STEVENS: There were 600 government employees in my riding, and there was one dismissed; the reason was a very serious one and is on the records. That is all as far as I am concerned. At my first election I took a stand for the establishment in Canada of a civil service on the same principles and with the object of building it up to the same standard as the British civil service. That was my stand then, and I have never deviated from it. I have seen many instances of dismissal for alleged partisanship by both parties in the last twenty-six years, and I have deplored them, but I say very earnestly that I have never seen an instance so serious as this one.

Mr. POWER: There was an equally serious one in 1931.

Mr. STEVENS: I have not that before me. I do not for one moment condone it. Even if I had in years gone by condoned it, which I have not, it does not alter the fact a particle. What I am saying now, and inviting hon. members to consider is that we should not say: Oh, you did it in 1930, or in 1920 or 1912. I have listened to that for twenty-five years. That is not the point. Surely we have progressed beyond that. One of the things that is challenging the prestige and dignity and influence of parliament is crass patronage and partisanship. That is the challenge that is being flung at parliament, and parliament is losing its prestige because it stubbornly refuses to do away with such things. People to-day are not interested in partisanship or patronage. I implore hon. members on all sides to abandon this old

shibboleth of: You did it, and we will do it—this old attitude of the ins and outs. Surely parties in this house, I care not what they are, are going to stand on some principle—not merely the mere difference of in and out. This, as I said the other day, and I repeat, is undermining the influence and standing of legislative assemblies in this country. If we are to accept the reply the minister interjected a moment ago, it simply means that we sit back and say: All right, wait until we get our turn and then we will show you! Isn't that childish? Can any man of a mature mind sit in parliament here and cherish that sentiment? Yet unfortunately that attitude exists.

This incident ought to be brought to the attention of the government as a whole. I have some confidence in the government's sense of justice, decency and fair play, and believe that they will rectify this thing. If they do not, the matter should not rest here; all of us should take steps to purge ourselves not only from this practice but of the sentiment that is behind it.

I do not wish, Mr. Chairman, to delay the committee. In my belief the time has come when parliament—I am not talking about this side or any other—should take a stand on the question of responsibility for ex-service men in this country. No man contributed more in the years when he was in opposition to keeping this question out of partisan politics than the minister himself. I pay tribute to him for that, and I plead with him now not to put this thing on a party basis, but to deal with it, as we have always tried to do in this house for twenty years, as a non-party question. The least we can do for the veteran is to recognize his services to Canada, and see that as a Canadian citizen who has done outstanding service he shall be treated, not as a partisan, but as a citizen. Not only would I say that regarding returned men; but had they been civilians a similar statement is warranted, namely, that as ordinary citizens of the country they are entitled to know what they are charged with, to have the particulars of the charge, and to have a chance to state their case. I learn with deep regret from an observation made this afternoon that the hon. member who made the charge against them is ill. I am sure every hon. member regrets that. And I have no word of criticism of him. But we cannot allow the fate of ten veterans to rest upon that unfortunate circumstance, and I again plead with the minister and the government that they give this matter consideration, because I know, and the older members of this house who have been through this for so many years know that the forbearance, the patience, and the loyalty of the veterans all through these years when their problems have been discussed is not merely commendable but I look upon it with deep veneration; I am sometimes almost amazed that their patience has been so great. They have had provocation, many times, to link themselves together in a resisting element, but they have never done so. Oh, there have been individuals crop up, but the minister himself said to-day that the responsible veterans' associations had refrained from this, that and the other, and he paid tribute to them for it. There were one or two exceptions—

Mr. POWER: Once in 1919 my hon. friend will remember.

Mr. STEVENS: I remember very well that an individual named Flynn, who later went to a penitentiary in Pennsylvania, went through the country lashing the veterans into a state of fury. But how long did it last? Just one trip across the dominion, a few months, and it was out. The veterans of their own common sense abandoned that sort of thing, and for nearly twenty years in their organizations and as individuals have been loyal, law-abiding, self-respecting citizens. And I fear very much that this rather unequivocal answer of "No" will not only be discouraging, but perhaps worse than that, to these veterans. Even before this session closes is not too late to offer some word of encouragement and hope to these men, that they will get in the future, as we have tried to give them in the past, a square deal; not something which will meet all their needs, but at least a deal that will win their respect for the government of the country.

Some hon. MEMBERS: Hear, hear.

Mr. A. W. NEILL (Comox-Alberni): Mr. Chairman, the applause we have just heard was evidence, I am sure, of how the remarks of the last speaker (Mr. Stevens) impressed members of the committee. He spoke with his usual dramatic ability and appealed to the best and highest that is in us. His remarks would appeal more particularly to those hon. members who have been in the house only since the last election; to those of us who have been familiar with the record of the hon. member for the last twenty-six years the appeal is not quite so strong. Methinks the lady doth protest too much. There comes to mind a proverb which says that people who live in glass houses should not throw stones.

The people in my constituency have suffered in the past because of just such actions as have been narrated this afternoon, actions which were fully approved by the hon. member for Kootenay East (Mr. Stevens). This is neither the time nor the place to bring up individual instances, but I should be quite prepared to do so if the occasion offered.

I am quite satisfied that the minister is the man to see that these people get justice. His whole record in the house assures us of that. We who have sat with him—for the last fifteen years as far as I am concerned—have seen the zealous and successful service he has given year after year and session after session as chairman of the various soldier committees, and I appeal to hon. members who have come to the house only recently to take our word that if there ever was a minister who would do justice to the returned men, it is the minister now holding this portfolio.

I give the minister credit for some of the statements he made this afternoon. It must have been difficult for him to make them, but he realized that he was doing his duty, and I thoroughly agree with much of what he said. For instance, I understood the minister to say that we cannot give a pension to everyone simply because they wore uniforms; and that, boiled down, is an important feature of the recommendations of the commission. The minister says frankly that we cannot accept that recommendation, and I agree with him. It is painful for him to do that, just as it is painful for me to have to agree. It would be much easier to say: Give everybody a pension.

Mr. POWER: It would be far better politics to say yes.

Mr. NEILL: Quite so. Then the second thing I took from his remarks was that he said we could not give a military pension to a man, even though he was a returned Canadian soldier, if he was not suffering from a disease or disability connected with his war service. I got into horrible trouble because I could not get a pension for a widow whose husband died of cancer some eighteen years after his war service terminated. She thought she was not getting British fair play. Often that is a very much overworked sentiment. I once heard a man of long experience in public life say, "If ever I hear a man get up in public and ask for British fair play I am generally sure he is asking for more than he should get," and too often that is the case. Many an unjust claim is put forward under that popular cry.

Then the minister told us, and I agree, although it may be politically painful to both of us, that he sees no reason why a person who came to Canada from the British Isles six years after the war ended should have a preference over a Canadian citizen. I believe the average returned man will have the same feeling. The suggestion has been made that these men were induced to come to Canada. We never promised them pensions when they got here; we never promised them preferences over our own men, and I do not believe the bulk of the men would wish that. We are aware that Canada has it all over Great Britain in regard to the treatment of returned men. We treat our men more liberally and generously in every way than the returned men are treated by the government in the old country. Just go down to the imperial pensions office here and try to get some concession, however small, or some recognition, however minute, in regard to some British soldier, and see what happens. I took up the case of an imperial man whose teeth had been taken out while in the army, and they refused to put them in again; that is to say, they refused to give him a set of false teeth. The reason given was that they had been taken out by mistake. I took an appeal from that decision; I asked the official to whom I could appeal, and he told me what to do. I got in touch with the proper official in Great Britain, and six months later a reply came back couched in the very words that had been used by the officer here, stating that the teeth had been taken out by mistake and that therefore there was no obligation to replace them.

We know these things. I want to ask for just one little petty thing that I know the minister could well afford to concede. Surely the fact that it is very small and that the cost will be very little should be a justification for granting my request; yet the matter is of very great importance to the few people concerned. I do not suppose it would apply to more than two or possibly three people in the district I represent. I brought the matter to the attention of the minister a year ago and he promised to give it consideration, but as yet nothing has been done. This is the situation: If a man is drawing a pension and his wife is dead and he has a housekeeper doing the work of his wife, a sister-in-law or a sister, or such like, this housekeeper can draw the pension that would have been received by the wife, or the helplessness allowance that is granted, if the man is bed-ridden. In the case of a man drawing a veteran's allowance, however, that is not the case. If his wife is dead no one can draw the compensation that she would have received, and even in a really bad

case of helplessness apparently nothing can be done. I have in mind a man who is absolutely bed-ridden. He cannot move six inches without assistance, and he has been lying there for some six years. He has no wife but he has a married daughter whose time is occupied with a large, young family. He receives an allowance of $20 per month, most of which he has to spend for drugs to subdue the constant pain. He receives no allowance for his daughter, who performs the duties and gives him the care which ordinarily would be given by his wife; neither can he draw a helplessness allowance, for some reason. We know that in order to draw a veteran's allowance this man must have seen service in a theatre of war, and though he is not entitled to a pension he is given an allowance of $20 a month.

I do urge the minister to look into that question more fully and see whether, in a case such as that, it would not be possible to give either a wife's pension or a helplessness allowance. The minister told us that he stretched the act in connection with the South African war veterans, and surely if he was able to do that he could stretch it to cover such cases. I wish he would look into the situation.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. ROBERT FAIR (Battle River): Mr. Chairman, I have listened very attentively today to the discussion thus far and have been greatly impressed with the first-class speeches delivered by all participating. I feel a little out of place in talking on this subject, but I believe it is my duty to say at least a few words in defence of some of the men I represent.

In the discussion so far, details have been given as to dismissals of returned men from the public service. I want to bring to the attention of the committee five or six other cases where dismissals from the government service have been made and, I believe, without the dismissed persons being given a chance to defend themselves. I have reference to men who were engaged at the Wainwright buffalo park and who, without notice and facing conditions very little better than those of the breadline, in the month of October last were summarily dismissed. I have reference to certain men, and as I go along I shall give the dates of their engagements and dismissals. Robert McLean was engaged on July 20, 1933, and dismissed on October 31, 1936; James Henderson, engaged on August 20, 1933 and dismissed October 31, 1936; Clifford Abernethy, engaged August 1, 1934, and dismissed October 31, 1936; Joseph Beckett, engaged April 1, 1924, and dismissed October 31, 1936, and John Hardy, engaged in May, 1936, and dismissed in October of the same year. Another man who for a number of years has been employed as a seasonal helper has also been left out in the cold, and someone else hired to take his place.

At the time these five men were dismissed, we find that altogether seven were let out, five of whom were returned men and two civilians. In their place two returned men and five civilians were hired.

A few days after the dismissals I happened to be in Wainwright and heard some of the pitiful stories the dismissed men had to tell. I do not believe it is necessary for me to say very much, but I should add that I tried without success to get some information in connection with the dismissals. After coming to Ottawa, however, through the medium of the order paper I tried to get the information, and that which I received I shall now place before the committee. The first letter to which I direct the attention of hon. members is addressed to Mr. A. G. Smith, Superintendent of the National Buffalo Park, and is in these words:

Dear Sir:

With reference to our conversation of Friday last, I wish to recommend the following parties for employment at the park farm during the coming winter:

George Milne
Frank Morcom
Charles Stewart
Pete McAvoy
James Grant
Bob Wilson
Andy McLean
Frank Love
Dean Stinson
J. Laughy

With regard to the recommendations for positions as riders, already submitted by me, please do not make any appointments pending the submission of revised list, which I will let you have in a short time.

I also wish to recommend Mr. Ordway, Senior for work at the plant during the killing season.

Yours sincerely,
(Sgd.) Martin L. Forster.

In order to introduce this gentleman, Mr. Forster, to the house may I say that he was the defeated Liberal candidate in the constituency of Battle River. This afternoon there was reference to certain people being fired on recommendation made by the member. In this instance I must say that does not apply. Being born "Fair," spelled with a capital F, I do not intend to recommend that

anyone be fired, unless he be inefficient. In that event I think a person should be replaced. But if a man is doing his work properly I say that for political reasons or simply to satisfy petty political desires he should not be replaced.

The following letter was written by Mr. A. G. Smith, Superintendent of the park at Wainwright:

Wainwright, Alta.,
Oct. 8th, 1936.

Re: Employment of men

Dear Sirs,

Harvesting operations have now been completed and the extra men employed in connection with these operations have been laid off.

The gang at present employed at the farm is made up of stable boss, utility man (blacksmith, truck driver, etc.) and eight farm hands who will carry on throughout the winter at hauling hay off the Ribstone meadow, hauling feed to buffalo, etc., in winter quarters. This gang is referred to as the winter crew and it has been our policy for many years past to give consideration in the selection of the men retained for the regular or winter gang to those who have given satisfactory service in the past and who are the oldest in our employ, from the standpoint of service.

I beg to enclose herewith copy of a letter received from Mr. Martin L. Forster, Wainwright, Alberta, furnishing a list of men who he recommends for employment in the winter gang at the park farm during the coming winter.

I wish to state for your information that Mr. Forster's letter was written following a conversation we had in which I informed him of our usual policy in connection with the men retained for our winter gang.

The first three men mentioned in the list furnished by Mr. Forster are already employed at the park farm and two of the others are working at other points in the park.

If I am to make room in the farm crew for all the men mentioned by Mr. Forster it will mean the following old employees will have to be dismissed:

J. Beckett, stable boss,
R. McLean, farm hand,
J. Novak, farm hand,
D. Walker, utility man (labourer).

If you will kindly refer to classification cards C.S.C. No. 140A covering each of the above men, on file in your office, you will have a complete record of their employment.

These men have given satisfactory service and I have no reason to offer why they should be dismissed.

In fairness to the men mentioned by Mr. Forster I wish to say that I have no objection to any of them. With the exception of two all are either employed in the park at present or have been during the past season.

Before taking further action in connection with Mr. Forster's request I wish to place the situation before you, and for my information and guidance I would thank you to advise me at your convenience as to the policy of the department with respect to the dismissing of men who have given a long period of faithful service when I have no reason to offer for doing so.

Yours faithfully,
A. G. Smith,
Superintendent.

The Commissioner,
National Parks of Canada,
Ottawa, Ont.

That letter was addressed to the Commissioner, National Parks of Canada, at Ottawa. A few days after this letter was written, I was in Wainwright and bitter complaints were made to me by some of these returned men who were let out, as well as by other citizens of Wainwright and district. After I got home I wrote a letter to the Minister of Mines and Resources (Mr. Crerar) as follows:

Paradise Valley, Alta.
Nov. 4th, 1936.

I have just returned from Wainwright and am very much surprised and disappointed to find that seven men were discharged from the buffalo park service at the end of last month on instructions of Mr. M. L. Forster, the defeated Liberal candidate in last year's general election.

The names of these men are as follows: Robert McLean, James Henderson, Joe Beckett, John Hardy, Cliff Abernathy, Dave Walker and John Novack. The first five listed are returned men, who are supposed to have preference in Canada and all, I understand, are satisfactory as far as the park superintendent is concerned. They have been replaced by seven other men, only two of whom are returned men.

Surely there is something wrong here, and I believe steps should be taken immediately to have an investigation into the cause of all dismissals at the Wainwright buffalo park since your party took over the reins of office, and all men who have been wrongfully dismissed should be reinstated.

Trusting you will give this matter your immediate personal attention and advise me of your findings.

Yours faithfully,
Robert Fair.

The next letter, under date of November 18, 1936, was addressed to me by Mr. C. W. Jackson, private secretary to the minister. It reads:

Ottawa, Nov. 18, 1936.

As Mr. Crerar is very busy at the present time, he has asked me to acknowledge the receipt of your letter of the 4th instant. He is making inquiries into the matters referred to in your letter.

Your sincerely,
C. W. Jackson,
Private Secretary.

The next letter is from the superintendent of the buffalo national park to the commissioner at Ottawa, under date of November 6, 1936.

Wainwright, Alta.
Nov. 6th, 1936.

I beg to inform you that Mr. Joseph Beckett in position Int. D.P.X.-67, stable boss, buffalo national park, along with a number of other employees was requested to cease duty on October 31st, last.

This action was necessary to make room for others who had been recommended for employment at the park farm during the coming winter.

One of the new employees is carrying on the duties of stable boss, but I prefer not to ask for his appointment at present.

Yours faithfully,
A. G. Smith.

On January 21, again on January 29, and continually since that time I have been trying to get the information I required. The next letter I intend to read is dated Wainwright, Alberta, February 4, 1937. It is from Mr. Martin L. Forster to Mr. Jackson, the secretary of the minister, and reads:

I am enclosing a letter I received from Dr. J. G. Middlemass, mayor of the town of Wainwright, which I appreciate very much. This should set at rest any criticism of what changes were made at the buffalo park, and should give you an idea of how the citizens feel towards me in my endeavour to find employment for those who are most worthy of it. This letter was handed to me unsolicited, and to say I am highly elated to receive it is putting it mildly. I wish you would kindly show this letter to the minister, so that if any further questions are asked, this should show, beyond a doubt, that whatever changes were made, were made in the best interests of the people as a whole.

I sincerely hope that some further work will again be undertaken in the national park this season.

I still believe that grading the north and south road in the east end of the park would be an undertaking that would not entail a great deal of cost, would create employment, and would be a great benefit both to the north and south settlers. The two municipalities would then extend this highway connecting the one to the south of the park to the one north, viz., Wainwright.

Thanking you and with best wishes,

I remain
Yours very truly,
Martin L. Forster.

This supposed to be unsolicited letter is addressed to Mr. M. L. Forster from the office of the secretary treasurer of the town of Wainwright. It is dated February 4, 1937, and reads:

On behalf of myself and the council of the town of Wainwright, I desire to express to you our sincere thanks for and appreciation of the manner in which you made selections of individuals for the work in connection with the reconstruction of the abattoir in the buffalo national park and the other work, for which services were required, in connection with this park. I feel that, in making these selections, you were actuated by your duty to the dominion on the one hand and by a desire to assist the town of Wainwright on the other and that these motives only were in your mind. I have always felt that this is the proper course to be pursued in making selections for workmen in the park and I am indeed pleased that you have carried this into effect.

Under the improvement in financial conditions throughout Canada, I have no doubt that certain other work will be undertaken in connection with this park during the present year. I trust that you will have authority in the selection of the workmen, should any such work be undertaken, as I feel that you will be guided by the same spirit of benefit to the dominion and to the Wainwright district.

In closing, let me add that your manner of making selection of workmen has immensely assisted the matter of unemployment in the whole district and the usual burden of the town of Wainwright has been greatly diminished.

Yours truly,
J. G. Middlemass, M.D.,
Mayor of the town of Wainwright.

I believe that these letters are the direct result of the questions which I have placed on the order paper since the beginning of this session. The fact that the letters are dated February 4, and the statement as made by Mr. Forster that the last letter would set at rest any questions that might be asked, I think is ample proof that the questions asked here are the cause of these letters being written.

Some of the men who have been hired in the park were brought in from other points in the Battle River constituency. To disprove the statement that this proceeding is in the interests of the people of the town of Wainwright and district, I may say that a committee of seven men went to Edmonton to interview the Hon. T. A. Crerar, while he was out west, in connection with the dismissals of certain men whose cases I intend to discuss under another item. The committee that went to Edmonton, I am informed, consisted of Doctor Wallace, W. E. Washburn, J. W. Daugherty, John Telford, S. R. Bowerman, John Dalton, and Pete Milne. All these men are not from Wainwright; the last-named lives about twenty-two miles distant and is the defeated Liberal candidate in the provincial election.

They were not successful in seeing the minister. I understand that after they came back quite a number who were Liberals before they took the trip are no longer so, and that they were by no means satisfied. They asked me to take up this matter, some of them remarking at the same time that they

did not suppose I could do anything anyway, but I feel it my duty at this time in connection with this veterans' assistance commission to make a plea, on behalf of these men who were dismissed, that an investigation be held, not alone in the case of these men but in regard also to others who have been wrongfully dismissed; and if things are found not right they should be made right. We have heard a lot about British justice, about the good treatment Canada was going to give her returned soldiers, and all the rest of it; but when it comes down to providing something for the returned soldiers we find that in this case five of them were kicked out on October 31, just when the storms of winter began to blow. No provision whatever was made for these men: if they could get jobs, all right; if they could not, they could try to get on relief. To my mind it is our duty here in parliament to do something about such matters if there is no other means of redress. Having heard the minister's speech this morning, I feel quite satisfied that he will give this matter his attention. I note that the Minister of Mines and Resources (Mr. Crerar), under whose jurisdiction it comes, is now in the chamber. I would commend the facts to his attention for very favourable consideration.

Right Hon. R. B. BENNETT (Leader of the Opposition): I wholly agree with what was said this afternoon that the problem is really one of the unemployable ex-service man. We have taken care of all cases of disability in, I think, an eminently satisfactory manner. There are, however, a number of absolutely unemployable ex-service men, and how to provide relief for them is a problem which the municipalities are not able at the present time to meet. It is an obligation which in some provinces we are discharging, because the dominion government pays part of the costs, and also lends the provinces money with which to pay their part; so in reality we are carrying the whole charge. I suggest to the minister that as his supplementary estimates are not down, and as he has indicated that he proposes to deal in part with the problem, he should, without committing the government to any policy, take whatever sum he may think is required, to be expended by the commission which now cares for these matters in dealing with unemployable ex-service men during the current year. In the meantime he might study the problem and see whether or not there is any solution short of the one that has been adopted in the United States, namely, the establishing of homes. Personally I have thought that will be necessary sooner or later for some of the aged men who were permitted to go to war when they should not have been so permitted because they were over age.

Mr. POWER: As a matter of fact, we now have a pensioner at the age of 91.

Mr. BENNETT: Yes; I think the minister mentioned the other day one very aged man, though he did not give his exact age.

Mr. POWER: That means he enlisted at the age of 71.

Mr. BENNETT: I knew of a case not far from my own locality, in which something of the same sort happened. I suggest that if the minister could manage to deal with the situation without committing himself meanwhile to any policy, then under the administration of the commission which now administers necessary relief in the cases to which reference was made at the last sitting of the committee, he might be able to tide over the situation until such time as a definite plan can be determined upon. I have thought that near some of our large cities we might have a piece of land, say five or six hundred acres, and give an opportunity to some of these older men to raise poultry.

Mr. POWER: We are trying that outside of Toronto.

Mr. BENNETT: I was told to-day that some effort in that direction is being made. I think it is a highly desirable experiment to make.

Mr. POWER: It is only an experiment.

Mr. BENNETT: I realize that it is only an experiment. If my suggestion were adopted, the department would have a fund that would at least prevent any great suffering or hardship by unemployable ex-service men. Perhaps the minister will find it worth while to expand the item to which he referred this morning, and thus to have a fund, even though it involves the exercise of the powers of the governor in council to deal with this condition. I judge from what the minister said to-day that some of the regular organizations were not in favour of the implementation of the report. I had a telegram from the provincial president of the Alberta command of the legion, in which he urges me to bring to the attention of the committee the fact that:

Alberta provincial command of the Canadian Legion British Empire Service League are very disappointed.

And at:—

Meeting held last night indignation was strongly expressed.

He asks that I bring it to the attention of the committee and says:—

Report hardly touches the fringe but would be of some assistance.

If that is anything like a true indication of the extent of the conditions that prevail, I should not like this country to find the Department of Pensions without any fund with which to deal with the problem, as it touches, not the whole body of veterans, but the unemployable, who are such by reason of years or physical condition or otherwise, and are not available for pension but whose condition may be said to be the result to no small extent of the war; not the proximate result of the war, because the proximate causes are dealt with under the legislation of last year. But where they are not proximate, but may be said to arise out of the general economic condition which prevents men of that age and condition being employed, the minister would have some fund that might be utilized for that purpose, to allay general unrest and to do something to ensure a measure of happiness and contentment amongst those who find it impossible to secure from the communities in which they live the assistance they so much need.

I am not going to take up the time of the committee further except to mention this point to the minister in view of the fact that he contemplates bringing in an item, under his supplementary estimates, which he might expand to enable him to provide for such cases without prejudice to the general position. His review of the situation covered the matter very fairly, but I do press upon him consideration for the unemployable who would not have been in the army if Canada had had a selective draft. I believe that by making this provision he would be doing a very good service to the country, having regard to the general conditions existing at the present time.

Mr. POWER: There are many things about which my right hon. friend and myself have agreed to disagree, but I think we can say that as to matters respecting returned soldiers, during the term of years in which we have sat in this chamber, we have been in general agreement; and what he has said this evening was along the lines of what I had myself proposed to say. Having said what I could not do as a minister of the crown, I now propose to say this, not that I shall ask for any money to be placed at the disposal of the minister, because that would be somewhat repugnant to one whose record on the other side of the house,—

Mr. BENNETT: That has never bothered the present government.

Mr. POWER: At any rate the right hon. gentleman will admit, I think, that I may have some remnants of political conscience left. I should very much dislike to have placed at my disposal a fund to be administered by the minister himself or by—

Mr. BENNETT: By that commission, I said.

Mr. POWER: —or even by the commission. On that we can agree to disagree. But as to the general principle laid down by the right hon. gentleman—I have been for some years trying to find a word to fit the case, and I have found it in the submission of the Canadian Legion—there is an unabsorbable surplus. After all that we can do to obtain employment for those that are employable, after all that we can do to obtain pensions for those to whom pensions can be granted, there will still be this unabsorbable surplus. How we are going to deal with it, I say quite frankly to the house, I do not know. I do propose, however, during the coming summer to call into consultation with me representatives of the ex-soldiers' associations, such as the Canadian Legion, the Amputations Association, the Canadian Pensioners' Association, and the Army and Navy Veterans, and ask them to submit to me something which can be put before the parliament of Canada and which will not mean that anybody, simply because he is unemployed, is entitled to a job. That is what I propose to do, and I intended to say so this morning.

To support the contention which I made this morning, and again this afternoon, I may say—and I presume this is one of the things a minister of the crown should not say—that I have every reason to believe that council will approve a grant of $250,000 for probational training for ex-service men. That, I admit, will not settle the question put to me by my right hon. friend, but I still have $400,000 of last year's vote, which is being revoted, the vote we are now considering in connection with the veterans' assistance commission. I hesitate to make any promise or to say that there is any possibility of any of the local committees giving what I might call a handout to a man who might be in need of a dollar or two. I think it can be done; I believe the powers granted to the minister are broad enough and wide enough.

Mr. BENNETT: If the powers are broad enough, I trust Power is.

Mr. POWER: The only trouble is that Power does not trust himself to handle that much money.

Mr. MacNICOL: Power doesn't trust the powers.

Mr. POWER: The difficulty is and always has been that when money has been placed in the hands of any minister of the crown, however—

Mr. STEWART: Powerful he may be.

Mr. POWER: —narrow he may be in his views of money—

Mr. BENNETT: Generous.

Mr. POWER: —or Presbyterian, as the Minister of National Defence suggests, it is expecting too much to have him dispense out of the goodness and generosity of his own heart the funds which parliament has voted. Personally I have been opposed to that method, and I think my right hon. friend will agree with me.

Mr. BENNETT: I agree.

Mr. POWER: We can meet on common ground, because the situation presented to me by my right hon. friend has been before me for the last eighteen months. I believe there is a possibility of settling it. Out of twenty-five hundred men in our hospitals, I should say that between four and five hundred are on what one might call old age pension; that is to say, they are receiving veterans' care. They sleep there at night; they go out and spend the afternoon and evening somewhere, come home and go to bed, and get clothing, a cash allowance for comforts, and institutional care. The hospitals are well equipped, particularly the one in Winnipeg. My right hon. friend was Prime Minister when Deer Lodge was built, one of the finest hospitals in Canada. Deer Lodge is particularly well equipped to take care of persons of that type. Whether, if they are married, we shall put them on war veteran's allowance or not before they reach the age that parliament has fixed, will be a question for the next session, and I promise to do my utmost to solve the problem. In the meantime I think that with the money which has been generously granted by parliament and by the Canadian people, the distress that has been put before us will not be so great as some members have indicated. There are pensioners who require some kind of treatment, and under the act I have sufficient authority to look after them. I believe that generally speaking, on all sides of the house, I have the trust and confidence of hon. members to the extent that they believe I will do my utmost.

One more point I should like to make with respect to something I stressed this morning. There is an organization known as the Amputations Association, consisting of men who served in the great war and lost a limb. In their representations before the committee last year, when the question of lowering the age for war veteran's allowance was considered, they made this statement:

> We have, however, felt it to be our duty to point out to you the inevitable difficulties. As veterans and responsible citizens of Canada we could not wish to see the War Veterans' Allowance Act varied to the point where for a largely augmented group of veterans it would simply become a medium for the provision of a service dole subject principally to the Means test.

That is the opinion of those who lost a limb in the war. If we were to accept some of the recommendations of this committee, a man who lost a right arm and now draws a pension of say $50 a month would probably get less than the man who is not wounded at all. In this respect I would much prefer to take the opinion of the Amputations Association than that of organizations outside the regular associations of ex-service men.

Some hon. MEMBERS: Carried.

Mr. LENNARD: If some hon. members sitting with the government are not careful, they will keep this thing going all night. I did not rise to prolong the debate. Several previous speakers have adequately covered the situation, particularly the hon. member for Vancouver South (Mr. Green) and the hon. member for Vancouver North (Mr. MacNeil); but I rise to object strenuously to the minister's reference to the requests of the Imperial War Veterans as imperialistic jingoism. I think that was a very unhappy remark, and absolutely uncalled for.

Mr. GREEN: I understand that under the terms of the Veterans' Assistance Commission Act the life of the commission expires in July of this year, but the governor in council have power to renew it for a further six months. That means that the commission will be extinct before we meet again unless some provision is made to the contrary. I would ask what the minister's intentions are in that regard; and if the commission is allowed to go out of existence, how will the honorary local committees be dealt with?

Mr. BENNETT: If in the item in the estimates the words are inserted "notwithstanding anything contained in the act," it would not expire until March 31, 1938.

Mr. POWER: My intention is to support the recommendations of the local committees rather than those made to me by the commission, although I appointed the commission and not the local committees. And now that we are, I hope, on the verge of passing this item may I make one further remark, that I have been told by friends sitting behind me that the lists of names of the local committees read more like the roster of the next Conservative convention than anything else they ever heard of.

Mr. MacNEIL: The minister referred to several schemes that had been already approved under the veterans' assistance commission, notably Workshops Limited in Montreal. May I ask if any other schemes have been approved, and if so, what?

Mr. POWER: The community centre organized in Toronto, for the purpose of placing twenty men somewhere in the neighbourhood of Toronto, is somewhat along the lines suggested by the right hon. leader of the opposition, and for it we are voting $48,000, of which $18,000 will be disbursed within the next two or three months. In view of the unfortunate experience of Canada in soldier land settlement, although I am quite willing to do my utmost to see that the thing is carried to a conclusion, I fear that possibly it will not be as successful as it should be.

Mr. MacNEIL: I should like to mention one other thing, not that I expect a reply now; I merely bring it to the minister's attention so that he may deal with it at a later date; that is the position of men now in the United States, who require medical treatment. A case was brought to my attention of a man in the United States who sustained a disability and at his own expense had treatment which necessitated amputation. I ask the minister to consult his department and urge reimbursement for such treatment where entitlement was subsequently admitted, so that undue distress will not result.

Mr. POWER: I shall be glad to look into it.

Mr. LOCKHART: I want to ask the minister one thing. The hon. member for Comox-Alberni (Mr. Neill) made reference to there being many new members who have the impression, and many of them have told me the same thing, that the men who come before the pension board and probably later before the pension appeal court, or who have appeared before quorums, largely depend for a successful application for pension upon establishing connection between their present disability and their war service. There seems to be great difficulty in many cases in establishing that connection. We know men in many walks of life, clerks, for instance, who enlisted and went into the entirely new environment of war service, suffered all the privations and hardships of the trenches, and who came back different men from what they were when they went overseas. Many departmental officials with whom I have discussed this matter say that inadequate records are in part responsible for the difficulty in relating disability to war service. It is now proposed to spend considerable money to train and rehabilitate men in middle life and fit them to earn a living. Could there not at the same time be even more latitude given than at present in regard to establishing that connection between a man's disability and his war service? In their anxiety to get home the returned men did everything in their power to get out of the army as quickly as possible, and it is admitted by those who kept the records that they were inadequate. I feel now that this money is being spent there might be some extension of the benefit of the doubt given in regard to establishing the connection between the man's disability of to-day and his overseas service, even though it might add somewhat to the number of pensioners.

Item agreed to.

Charges of Management

Printing, advertising, inspection, express, etc., $45,549.50.

Commission for payment of interest on public debt, purchase of sinking funds, auditing, bill stamps and postage, etc., $163,481.

To provide for temporary clerical work in connection with the transfer and registration of bonds, etc., and the flotation of loans, and authority to employ a temporary staff, fix their rates of remuneration and otherwise wholly regulate their services without reference to and notwithstanding anything in the Civil Service Act, $14,000.

Sir GEORGE PERLEY: This is the usual item?

Mr. DUNNING: The usual item.

Item agreed to.

Civil government—Finance—
Salaries, $367,197.75.
Contingencies, $38,560.

Sir GEORGE PERLEY: What about the increase in this item?

Mr. DUNNING: It is made up almost entirely of statutory increases, though I have not the details before me at the moment. The only increases in staff that I can remember at the moment are connected with the dominion housing act, under which two or three clerks were appointed.

Item agreed to.

Public Archives—
Salaries, and to provide for the continuance in office of J. B. Noble, senior bookbinder, from April 1, 1937, $88,722.25.
Contingencies, $11,900.

Sir GEORGE PERLEY: I should like to ask whether anything has been done with regard to appointing any person to take the place of the late Sir Arthur Doughty.

Mr. DUNNING: No decision has been reached as yet.

Item agreed to.

Department of Transport—Marine services—nautical services—maintenance and repairs to dominion steamers and icebreakers, $1,338,280.

Sir GEORGE PERLEY: Has this department been under discussion previously?

Mr. DUNNING: Yes, all departments are in. If there is any objection to our going ahead with any particular item I should be glad to meet the wishes of the committee, but if the Minister of Transport can get on to-night I should like him to do so, since he has quite a number of votes.

Item agreed to.

Administration of pilotage, $98,904.

Mr. BARBER: Would the minister explain this reduction of pilotage fees?

Mr. HOWE: Pilotage fees on the St. Lawrence and in maritime ports were reduced. My recollection is that this reduction did not apply to British Columbia. The reduction has been cut down to four per cent, and under agreement with the pilots that four per cent deduction will continue for this year except for the harbour of Saint John. There the pilotage work is rather light and the fees have been restored in full.

Mr. STEWART: The minister's explanation seems to have to do with an increase. This item shows a decrease.

Mr. DUNNING: The minister was speaking of the fees, while this vote covers expenditure.

[Sir George Perley.]

Mr. HOWE: There is a revenue item to offset this. The difficulty is that pilots furnish their own boats and equipment, and it is customary to advance certain moneys for repairs to boats and the purchase of equipment, which moneys are later repaid. There is a revenue item to offset this expenditure, and the extra vote is for loans to Halifax pilots in connection with their boats.

Mr. STEWART: My hon. friend is still explaining an increase, while this vote shows a decrease.

Mr. TOLMIE: Did I understand the minister to say there was an agreement with the British Columbia pilots?

Mr. HOWE: No, the Quebec pilots.

Sir GEORGE PERLEY: I think the minister had better give us some explanation of this decrease.

Mr. HOWE: This vote fluctuates according to the requirements of the pilot in the various districts, in connection with advances for equipment and that sort of thing. There is a certain basic vote for the administration of pilotage and a certain additional vote for advances or loans to pilots for the purchase of equipment. The needs this year are evidently estimated at less than those for last year.

Item agreed to.

To provide subsidies for wrecking plants—Quebec and British Columbia, $45,000.

Mr. BARBER: Would the minister explain the division in the vote, I notice that part goes to Quebec and part to British Columbia?

Mr. HOWE: There is a subsidy of $30,000 for salvage on the St. Lawrence and $15,000 for salvage on the Pacific coast.

Item agreed to.

Construction, maintenance and supervision of aids to navigation, including salaries and allowances to lightkeepers, $1,782,241.

Mr. GRAYDON: Earlier in the session I inquired of the minister whether it was the government's intention to replace the lighthouse and beacon at Port Credit harbour during the coming year. Has the minister had an opportunity to give the matter any consideration, and if so, can he say what the government intends to do?

Mr. HOWE: Matters respecting lights and replacements are in the hands of a body known as the lighthouse board. However, if

the item were allowed to stand a few minutes, until an officer qualified to instruct me arrives, I would be able to answer the hon. member.

Item stands.

Agencies, rents and contingencies, $231,300.

Sir GEORGE PERLEY: Would the minister explain what the item involves and why there is an increase?

Mr. HOWE: The proposed appropriation is for the operation and maintenance of marine agencies, including salaries and travelling expenses of administration staffs, agents, accountants, district engineers and supporting personnel. Agencies are maintained at St. John, Halifax, Charlottetown, Quebec, Montreal, Parry Sound, Victoria, British Columbia, and Prince Rupert, and there are special agencies at Fort William and Kenora. The increase of $16,355 over last year is required to provide for earned salary increment which will accrue, and for salaries in connection with positions in the organization which were abolished at various periods during the last few years, and which will be restored by the order in council establishing the agency's personnel in the Department of Transport. The amount shown for 1936-37 has been increased by the amount of salaries of administrative staff at Ottawa which, in previous years, were provided for in civil government salaries.

Item agreed to.

River St. Lawrence ship channel dredging: To provide for the maintenance and operation of the government ship channel fleet and the government shipyard while engaged in the ordinary maintenance of the existing ship channel, including all necessary repairs and reconditioning, $438,400.

Sir GEORGE PERLEY: Can the minister explain how the amount happens to be the same each year? The expenditures must fluctuate from year to year.

Mr. HOWE: The amount provided last year appeared to be adequate, and the same sum has been provided this year.

Mr. STEWART: Perhaps the minister could tell us how much was spent last year?

Mr. HOWE: I am sorry I have not the proper officer before me, and have not the statement of expenditures.

Mr. STEWART: All right.

Item agreed to.

Maritime Freight Rates Act:

To hereby authorize and provide for the payment from time to time during the fiscal year 1937-38 to the Canadian National Railway Company of the difference (estimated by the auditors of the said company and certified by the said auditors to the Minister of Transport as and when required by the said minister) occuring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (upon the same basis as set out in section 9 of the said act with respect to companies therein referred to) on all traffic moved during the year 1937, under the tariff approved, on the eastern lines (as referred to in section 1 of the said act) of the Canadian National Railways, $1,800,000.

Mr. HOWE: This amount was approved by the special committee on railways and shipping.

Item agreed to.

Amount required to provide for payment from time to time during the fiscal year 1937-38 of the difference, estimated by the Board of Railway Commissioners and certified by the said board to the Minister of Transport as and when required by him, occurring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (referred to in section 9 of the said act) on all traffic moved during 1937 under the tariffs approved by the following companies:

Canada & Gulf Terminal Railway.
Canadian Pacific Railway, including:
Fredericton & Grand Lake Coal & Railway Company.
New Brunswick Coal & Railway Company.
Cumberland Railway & Coal Company.
Dominion Atlantic Railway.
Maritime Coal, Railway & Power Company,
Sydney & Louisburg Railway.
Temiscouata Railway Company, $700,000.

Mr. PURDY: I should like to direct the attention of the minister to a very unfair situation which exists in my constituency. It has to do with the operation of the Dominion Atlantic Railway. I do not wish to be understood as criticizing this line, for they give us a very efficient and satisfactory service. The only quarrel I have with them is that in one particular district their rates are too high. I do not believe, however, that this is their fault, but rather that of previous governments.

May I explain that this railway operates two lines in my constituency, one from Truro to Windsor and from there on down through the Annapolis valley; and the other from Windsor Junction to Windsor. It is the line from Windsor Junction to Windsor to which I wish to draw particular attention. This line was constructed prior to confederation and turned over to the dominion government by the province of Nova Scotia in 1867, at the time of confederation. In 1893 the then government of the day leased the line to the

now Dominion Atlantic Railway for a term of twenty-one years. In 1914 when the lease expired, the then Minister of Railways entered into a further agreement with the Dominion Atlantic Railway purporting to lease this line for a further ninety-nine years. It is with this lease that I am not in agreement.

Apparently the government of that day failed to take into consideration the rights of the people of Windsor and made no provision in such agreement that Windsor should receive the same rates as if the line were operated by the Canadian government railways. Consequently we are being charged non-competitive rates, and the result has been disastrous to the town of Windsor. To justify this statement may I point out that by comparison with two towns in the vicinity, which towns have not the advantage of Windsor's excellent harbour, the growth of population between 1891 and 1931 was as follows:

No. 1 town	70 per cent
No. 2 town	55 per cent
Windsor	7 per cent

I would mention that both these towns are served by two lines of railway, the same as Windsor, but as one line is operated by the Dominion Atlantic Railway and one by the Canadian National Railways, they receive competitive rates.

I quite appreciate that the Minister of Transport cannot give back to Windsor the industries she has lost through this discrimination, nor can he locate there the industries which have turned away when they learned about the available railway rates, but I believe he has it within his power so to adjust matters that from now on we may receive equal treatment so far as railway rates are concerned. I do not propose to quote the Railway Act, but there is a provision in it that no toll shall be charged which unjustly discriminates against different ports. I contend that there is discrimination in the rates charged by this railway.

As the matter now stands, the people of Windsor are paying their share of the Canadian National Railways deficit and are also contributing toward the dividends of the Canadian Pacific Railway, which owns the Dominion Atlantic Railway. I would ask the minister to bear in mind that in this year of the "good cheer budget" the people of this town should have some good cheer brought to them by way of righting a wrong that was done to them by the government of Canada in 1893, and again in 1914. It was a Conservative government in 1893 that made the first agreement, and again in 1914 it was a Conservative government that neglected the rights of the people of this town and sold them down the river for another period of ninety-nine years. It will be in keeping with Liberal policies to right the injustice that has been done. Only a few days ago the leader of the opposition told us that it was a Liberal government that had made an agreement with the province of Saskatchewan having to do with the railways. I ask him if it was not a Conservative government that sold the people of this part of my constituency down stream in 1914?

A few moments ago I mentioned the port of Windsor. Perhaps it is news to some that there is an excellent port at that place. At the time of confederation, when many of our present harbours were little more than sand bars, the sailing ships from Windsor carried the commerce of the province to the seven seas. It is such an excellent port that on March 22 of this year navigation was opened by the arrival of the first gypsum boat from New York, this boat berthing without any assistance except that of nature. On that day, and for some time previous, several heavy ice breakers had been working on the St. Lawrence river trying to combat the laws of nature, endeavouring to take traffic away from our maritime ports to which we are entitled by our location and by our place in confederation. I am not asking the Minister of Transport (Mr. Howe) to establish a harbour commission at Windsor, but I would point out that in addition to a reduction in freight rates we require adequate storage facilities on the pier so that the harbour may be properly developed. Having regard to the great handicaps we are under, as referred to previously, I think we are entitled to this. I ask the Minister of Transport to say a word on our behalf to the genial Minister of Public Works, and also to the genial, but oh, so stony-hearted, Minister of Finance.

Mr. TOLMIE: Might I be permitted to revert to item 92? I understand the lighthousekeeper at Fishguard light near the entrance to Esquimalt harbour died last year. I should like to know what provision has been made for his widow.

Mr. HOWE: If he was a contributor to the superannuation fund she would receive half of the superannuation to which he was entitled at the time of his death. I cannot say at the moment whether he was or was not a contributor.

Sir GEORGE PERLEY: Will the minister be good enough to look it up and let the hon. gentleman know?

Mr. HOWE: I shall be very glad to do that.

Item agreed to.

Hudson Bay Railway—Amount to provide for the difference between expenditures for operation and maintenance, and revenue accruing from operation during the year ending March 31, 1938, not exceeding $336,500.

Mr. PERLEY (Qu'Appelle): Could the minister give the committee the gross expenditures and revenue from this railway? Would this item cover employees, temporary and permanent?

Mr. HOWE: This is purely for railway maintenance. The expenditures on operation were $309,500 and on maintenance, $307,000, making a total of $616,500. The operating revenue was $340,000. The year is not finished, but the estimated operating deficit on the year's operation is $276,500. The amount voted last year was $336,500 and the estimated amount not required is $60,000.

Mr. PERLEY (Qu'Appelle): That does not include harbour maintenance?

Mr. HOWE: This is purely for the railroad.

Mr. PERLEY (Qu'Appelle): Under what item would that come?

Mr. HOWE: There is an item in the main estimates. I cannot give the number at the moment.

Item agreed to.

Canadian travel bureau service. To assist in promoting tourist business in Canada, $250,000.

Sir GEORGE PERLEY: I think there should be a short statement made with regard to what success has been achieved in carrying out the policy which was started two or three years ago.

Mr. HOWE: Last year our advertising was confined to the United States. The efforts at Ottawa were directed to handling replies received from advertising in that country and directing tourists to the sort of place the nature of their requests indicated they wanted to see. We had a tremendously successful tourist business last year, but just how much this bureau contributed to it is of course very difficult to estimate. It is only one of a number of agencies in Canada working toward attracting tourists to this country. My feeling is that the efficiency of our service has improved each year with the experience of the previous years, and at the present time this branch is doing excellent work. I keep in close touch with it and check the nature of the services they are rendering to tourists. I think its efforts are being directed in the proper channels.

Sir GEORGE PERLEY: How much of the vote was spent last year?

Mr. HOWE: It was not over expended but a situation may arise when we must undertake our advertising for the next season before the current year is completed.

Sir GEORGE PERLEY: There are governor general's warrants.

Mr. HOWE: They were not used in this case. I think commitments were made in excess of the amount voted.

Item agreed to.

Aids to navigation—Construction, maintenance and supervision of aids to navigation, including salaries and allowances to lightkeepers, $1,782,241.

Mr. HOWE: In answer to an earlier question by my hon. friend (Mr. Graydon) I find that the matter of a lighthouse at Port Credit is now under study by the lighthouse board and a report is expected shortly. The matter has not been finally disposed of.

Mr. GRAYDON: May I suggest to the minister that he use all the influence in his power to see that this provision is made?

Mr. HOWE: I have no influence whatever over the lighthouse board. It is necessary to allow technical officers to determine where lights are needed.

Mr. BARBER: How is the increase of $8,725 accounted for in the vote?

Mr. HOWE: The increase is entirely due to statutory increases and the transfer of certain officers from the civil government vote to the vote for the department under which they work directly. We tried to adjust our civil government list in connection with the reorganization.

Item agreed to.

Air Service—civil aviation—construction of airways, airports and radio stations, $761,355.

Mr. GREEN: What is the reason for the decrease in this vote?

Mr. HOWE: Although the vote here is decreased it is increased under other items. We are actually spending somewhat more this year than was spent last year. We have estimated the amount required to complete the airway from coast to coast, and between this and the supplementary estimates we have an amount included which we believe will complete that construction work.

Mr. GREEN: You are providing enough money to complete the airway from Vancouver to Halifax?

Mr. BARBER: May I draw the minister's attention to a matter which I have already taken up with him, and which, I believe, the board of trade of my city has taken up with the department, namely the airport at Chilliwack? This airport is very important because it is just outside the fog area. The last two years a sum has been voted to acquire this land, but thus far the land has not been acquired, although a particular site has been selected by officers of the department. The land is owned by a farmer, and the owners of local planes have spent considerable money maintaining and improving the site. I had hoped that something would be decided definitely with regard to the purchase of that particular site. There was some conflict with regard to it, and the minister in a letter to me explained that an officer of his department would look over the matter and report; at the same time a letter, signed by Mr. McLean, went from the department that owing to there being no money in the estimates this year nothing would be done until a later date. I know that the people are very anxious with regard to this port; in fact, you cannot hook up a service to the coast without having some place where you can land in case of fog around Vancouver. As far as the air mail service is concerned, I know the opinion is that this would be a very important landing, because in case of fog, when a plane could not reach Vancouver, within forty minutes of its arrival at Chilliwack they could land the mails at Vancouver. I should like to impress upon the minister the importance of acquiring this site at a very early date, because I understand that the farmer who owns it feels that he cannot let it stand any longer and that he will be compelled to break it up with the balance of his farm.

Mr. HOWE: Our Mr. McLean, who is in charge of the administration of airports, is at this time either at Chilliwack or very close to it, and he has special instructions to give us a final report on this field. My hon. friend will recall that there was some hitch in the past about dyking charges. He has to dispose finally of that problem, and we hope to act upon his report on his return.

Mr. BROOKS: Are the emergency landing fields which were started under relief votes and were left in an incomplete condition to be completed under this item, or do they come under an item of the Department of National Defence? There are two such landing fields in my constituency.

Mr. HOWE: Those fields will be completed under item 74, which we shall reach very shortly. I will admit that the fields in the maritime provinces are not as far advanced as those further west, but it is our hope to place them in condition for operation before the end of the present operating season.

Mr. BROOKS: Has this item anything to do with the developing of the airport at Shediac, New Brunswick? I notice that it may be the emergency port for the trans-Atlantic flights. Is that being developed under another item?

Mr. HOWE: This vote covers that. At the moment we are erecting a powerful beam radio station there for the guidance of trans-Atlantic flyers, and such little work as is necessary to make a harbour for airplanes will be done there under this vote.

Mr. FINN: The minister speaks of the maritime provinces. As far as Nova Scotia is concerned we have been without any air services beyond Moncton, except on special occasions. There is at Halifax a field, and I would like to know whether it is proposed to utilize to some extent the National Defence airport for landing purposes, or do they intend to have their own?

Mr. HOWE: I am informed that it is the plan of our department to use the field my hon. friend has referred to for the civil aviation activities.

Item agreed to.

Marine Service

River St. Lawrence ship channel dredging—
(a) To provide for contract dredging in St. Lawrence river and Montreal harbour, $2,000,000.

(b) To provide for the maintenance and operation of the government ship channel fleet and the government shipyard while engaged in the deepening and improvement of the ship channel, including all necessary repairs and reconditioning, $700,000.

Mr. MacNICOL: The minister has undoubtedly heard of those two eminent engineers, Robert E. Horton and C. E. Grunsky, and perhaps has read their work, the Hydrology of the Great Lakes, in which they state that the deepening of the ship channel out of lake Huron has resulted in an increase of 20,000 cubic second feet in the flow of water out of lake Huron and has reduced the water levels of lakes Huron and Michigan one foot.

I wondered if the department has any information on the effect on the water level of Montreal harbour through the deepening of the ship channel through the river St. Lawrence.

Mr. HOWE: We are quite aware that the deepening and widening of the channel of the St. Lawrence has had the effect of lowering water levels there. That matter has been under study for the past three years and we have a report which is now being printed, and a copy of which I hope to place very shortly in the hands of my hon. friend. It gives a detailed analysis of the effects.

The $2,000,000 vote here is to complete the work of dredging Montreal harbour to the 1934 datum; that is, to the depth of thirty-five feet. This work, of course, will not increase the ease of access for the waters of the St. Lawrence; it will have no effect in itself on lowering. Before further work is undertaken we shall have a complete study made of the results of the three years' investigations, and further work on the St. Lawrence will be proceeded with in the light of that report.

Item agreed to.

Hudson Bay Railway: construction and betterments, $71,500.

Mr. PERLEY (Qu'Appelle): Is this the item the minister referred to a few minutes ago as relating to temporary employees at Churchill?

Mr. HOWE: This is the last capital item that will appear, because construction work on the railway was completed last year and further estimates should be continued under the item for maintenance. This is entirely for improvements.

Mr. PERLEY (Qu'Appelle): Is this the item under which the temporary men were employed last year?

Mr. HOWE: This is purely for improvements.

Mr. PERLEY (Qu'Appelle): Under what item in the estimates would the employment of those men be dealt with?

Mr. HOWE: The item for the operation of the port is included under the national harbours board estimates. We have transferred that port to the board.

Item agreed to.

Meteorological Division—

Meteorological service, including magnetic observatory, grants of $500 each to Kingston and Montreal observatories, and allowance of $380 to L. F. Gorman, observer at Ottawa, $417,800.

Mr. LENNARD: Are these special grants of $500 to Kingston and Montreal, or are they paid annually?

Mr. HOWE: They are annual grants in payment for weather observation services.

Mr. LENNARD: Does the same apply to the grant of $380 to L. F. Gorman, observer at Ottawa?

Mr. HOWE: He is a civil servant and is paid this amount extra for taking the official weather observations in Ottawa. He is an expert.

Item agreed to.

Radio Division—

To provide for the maintenance and construction of radio direction finding stations, radio beacons and radiotelegraph stations and general administration of the provisions of the Radio Act and regulations throughout the dominion, $608,784.

Mr. TOLMIE: Is it the intention to improve the radio service in British Columbia?

Mr. HOWE: That comes under the next item.

Item agreed to.

To provide for the suppression of local electrical interferences and for the issue of radio receiving licences, $282,215.

Mr. GRAYDON: A number of complaints have reached me in connection with the collection of licence fees for receiving sets. Some people have been prosecuted and fined for failure to renew their licences. I suggest that the minister consider a better system of notifying owners prior to the date on which the fee is due. In my own constituency a number of people have neglected to note the time, and I think that the minister might have a notice sent to all owners so as to avoid this mistake and make it unnecessary for the department to take action, much to the annoyance of many owners.

Mr. HOWE: We send a notice to each licence holder. We have a complete record of all licences issued and at the end of March we notify the licence holders. We mail a second notice on the first of Septmber to those who have failed to renew their licences. In addition to that, notices are broadcast about that time for several days that licence fees are due and that those who fail to renew their licences will be prosecuted. In practically all urban centres before prosecuting we have a personal call made by a vendor on all licence holders and the fee is demanded. If the holder refuses to pay he is then prosecuted. In the current year we have issued slightly over one million licences, the total net revenue

to date, after deducting cost of collection, being approximately $1,900,000. We have prosecuted some two thousand persons. Of these fifteen hundred have paid quietly, and the other five hundred have appealed to their members of parliament.

Mr. TOLMIE: The radio service in Victoria, B.C. is very inadequate. It is an absolute disgrace. Victoria is the capital city of British Columbia, with a population of 60,000, and we have a service that would not do justice to any small town. I would ask the minister to look into the matter with a view to improving that service.

Mr. HOWE: Recommendations for improved broadcasting service must come from the Canadian Broadcasting Corporation. But in the last few months, as my hon. friend knows, a high powered station has been completed just outside Vancouver, which gives coverage to Victoria and Vancouver island, and should materially improve the facilities there.

Mr. TUSTIN: I listened with great interest to the minister telling us that some 1,500 delinquents in taking out radio licences had paid up without any fuss; but I may tell him that in the part of the country from which I come that is not the case. An inspector goes about accompanied by a big burly Royal Canadian Mounted Police officer. He approaches a residence, raps on the door, no doubt with fear and trembling in case some woman or innocent child may come to the door, and the police officer walks up and down in front of the house and the neighbours look out wondering what is happening. As I understand it no chance is given to those people to pay without being brought to court. I find no fault with the department for enforcing the regulations, but I think it ill becomes the government of Canada to send this police officer with the inspector who is endeavouring to collect a $2 licence fee. I know of no other department that sends inspectors about accompanied by a police officer. I do not know whether this item includes payment of that police officer. I think the inspector could well perform the duty and make these collections without being accompanied by an officer of the Royal Canadian Mounted Police.

Mr. HOWE: The visit referred to by my hon. friend is the last resort. Before that the delinquent has had two notices by letter, he has had numerous warnings by radio, and he probably has had a personal call by a vendor without any policeman; but before we can prosecute we must have corroborative evidence that there is a radio set in the house and that the fee has not been paid, and that calls for two persons.

[Mr. Howe.]

Mr. NEEDHAM: This item is "to provide for the suppression of local electrical interferences." What steps are taken to suppress this interference? In some places it is a serious matter.

Mr. HOWE: Without this service radio broadcasting in this country would be almost a failure. We have twenty-three cars fitted with equipment to trace down the sources of interference. These cars are constantly on the move, and as complaints come in they are sent to the district and they trace the sources of interference, and in 98 per cent of the cases are able to remedy it. Frequently it is a leak in a power line. These cars locate and report it to the power company for correction. Sometimes it is an electrical machine, such as a dynamo or motor, or a vibrator in a doctor's office. The cars locate the trouble and recommend corrective appliances to remove it. Of all the services we have I think this adds more than any other to the pleasure and comfort of radio listeners in the country.

Mr. NEEDHAM: Do they go to particular districts, or only where complaints are received?

Mr. HOWE: They are constantly on the move, but if complaints are received the cars go immediately to the source of the complaint and trace it down. They are exceedingly active.

Mr. CHURCH: Is there a uniform procedure in regard to those who do not pay for their radio licence? I notice in the Toronto police court that a large number of people were prosecuted, many of whom were on relief, and in some other cities I notice very few. Is it only in Toronto that they prosecute?

Mr. HOWE: My hon. friend is entirely incorrect in saying that people on relief are brought into the police court. The one restriction we place on the prosecutions is that the one who is prosecuted is able to pay if he were willing.

Mr. BARBER: In regard to interference, has the department power to compel people to put on mufflers or some contrivance that will stop it? I have in mind a lot of small gasoline electric plants operating in my district, and there has been considerable interference. The department's car has gone there and discovered it, but I doubt very much whether there is power to compel those owners to do something to stop that interference.

Mr. HOWE: Under the broadcasting act passed last year we have power even to shut down the Ottawa Street Railway if it interferes with radio.

Mr. POULIOT: When the Prime Minister and the leader of the opposition are on the air I regret to say that reception is always very bad in Rivière du Loup. Is there any possibility of improvement in that regard?

Item agreed to.

Air Service

Civil Aviation Division—to provide for the maintenance and operation of airways, government and public airports, the general administration of the provisions of the Aeronautics Act and Regulations throughout the dominion, and for grant to aeroplane clubs, $1,222,917.75.

Sir GEORGE PERLEY: I thought the minister was going to make an explanation about the increase.

Mr. HOWE: This is a capital vote for completing a series of landing fields across Canada which were started some years ago as relief projects. The item here, in conjunction with the previous item and a further one in the supplementaries, is for the completion of these air fields.

Mr. CLARKE (Rosedale): How much of the increase of $481,610 will go to perfect the trans-Canada airway?

Mr. HOWE: All of it.

Mr. CLARKE (Rosedale): Is it for landing fields?

Mr. HOWE: It is to complete landing fields now under construction.

Mr. CLARKE (Rosedale): Where are these fields? Will some of the money be used for the completion of the Trenton project, on which a good deal has been spent?

Mr. HOWE: That is under the Department of National Defence.

Mr. CLARKE (Rosedale): This is only for the completion of other airports that have been under construction?

Mr. HOWE: This is only one of three votes devoted to the same purpose, to complete the air fields from Vancouver to Halifax and from Scotia Junction to Toronto.

Mr. CLARKE (Rosedale): Is it for the completion of the Scotia Junction airport?

Mr. HOWE: Yes, the Scotia Junction airport will be completed.

Mr. CLARKE (Rosedale): This whole amount is for the completion of Scotia Junction?

Mr. HOWE: It will be completed under this vote.

Item agreed to.

Canals—administration, operation and maintenance, $2,108,960.

Sir GEORGE PERLEY: How much revenue do we get out of the canals? Do we get any?

Mr. HOWE: We get, I think, about $200,000 a year from the sale of water power. We get no revenue from boats passing through the canals.

Item agreed to.

TRADE AND COMMERCE

Mail Subsidies and Steamship Subventions

Atlantic Ocean

Canada and the United Kingdom, on the Atlantic, service between, $250,000.

Canada and South Africa, service between, $112,500.

Pacific Ocean

British Columbia and China, and/or Australia, service between, $118,800.

British Columbia and South Africa, service between, $84,000.

Canada, China and Japan, service between, $600,000.

Canada and New Zealand, on the Pacific, service between, $300,000.

Prince Rupert, B.C., and Queen Charlotte islands, service between, $12,000.

Vancouver and the British West Indies, service between, $30,000.

Vancouver and northern ports of British Columbia, service between, $18,000.

Victoria, Vancouver, way ports and Skagway, service between, $12,000.

Victoria and West Coast Vancouver island, service between, $10,000.

Local Services

Baddeck and Iona, service between, $8,000.

Charlottetown and Pictou, service between, $30,000.

Chester and Tancook island, winter service between, $1,600.

Grand Manan and the mainland, service between, $33,000.

Halifax and Bay St. Lawrence, service between, $2,000.

Halifax, Canso and Guysboro, service between, $6,750.

Halifax and Sherbrooke, service between, $900.

Halifax, LaHave and LaHave river ports, service between, $2,000.

Halifax, South Cape Breton and Bras d'Or lake ports, service between, $3,500.

Halifax, Spry Bay and Cape Breton ports, service between, $4,000.

Halifax and West coast of Cape Breton, service between, $4,000.

Ile-aux-Coudres and Les Eboulements, service between, $1,100.

Mulgrave, Arichat and Canso, service between, $33,750.

Mulgrave and Guysboro, calling at intermediate ports, service between, $9,500.

Murray Bay and north shore, winter service between, $40,000.

Pelee island and the mainland, service between, $7,000.

Pictou, Mulgrave and Cheticamp, service between, $11,000.

Pictou, Souris and the Magdalen islands, service between, $37,500.

Quebec, Natashquan and Harrington, service between, $85,000.

Quebec, or Montreal and Gaspe, calling at way ports, service between, $60,000.

Rimouski and Matane and points on the north shore of the St. Lawrence, service between, $50,000.

Riviere-du-Loup and Tadoussac, and other north shore ports, service between, $10,000.

St. Catherine's Bay and Tadoussac, service between, $3,500.

St. John, Bear River, Annapolis and Granville and other way ports, service between, $1,500.

St. John and Bridgetown, service between, $800.

St. John and Margaretville and other ports on the Bay of Fundy, service between, $2,500.

St. John and Minas Basin ports, service between, $5,000.

St. John and St. Andrews, calling at way ports, service between, $3,000.

St. John, Westport and Yarmouth, and other way ports, service between, $13,000.

St. John and Weymouth, service between, $1,000.

Summerville, Burlington and Windsor, N.S., service between, $750.

Sydney and Bay St. Lawrence, calling at way ports, service between, $25,000.

Sydney and Bras d'Or lake ports and west coast of Cape Breton and Prince Edward Island, service between, $22,500.

Sydney and Whycocomagh, service between, $16,000.

Inspection of subsidized steamship services, $5,020.

Mr. REID: Has the minister received a report in connection with the investigation regarding employment of Canadian seamen on the Canadian Pacific subsidized ships, and if so, is it the intention of the minister or his department to pursue this matter so that the preference will be given to Canadians?

Mr. EULER: An inspector was sent to Vancouver by the department, and he made a report. I could go into that report in detail, but perhaps it would be sufficient for the purpose of the committee and for the information of my hon. friend to say that the matter is now being discussed with the Canadian Pacific officials.

Mr. REID: Without pursuing the matter at any length may I just point out that the minister should not overlook the fact that deckhands are just labourers on board a ship. My information is that when the inquiry took place in Vancouver they were looking for experienced seamen, whereas it is well known that deckhands are really labourers and that a man does not require experience for this work. I would ask the minister to take note of that.

Mr. EULER: All applicants were examined.

[Mr. Howe.]

Mr. FINN: I should like to ask the minister if he intends to extend that investigation to include Canadian Pacific boats sailing from Atlantic and St. Lawrence river ports.

Mr. EULER: There are no orientals employed on those vessels.

Mr. FINN: Quite so, but the crews all come from the old country. This company receives a large subsidy but no Canadians are employed.

Mr. EULER: I will take note of what my hon. friend says.

Mr. BARBER: There is a decrease in this vote of $3,000. Would the minister explain that?

Mr. EULER: The money was not required. Last year we appropriated $33,000, but we were able to make a contract for $30,000.

Sir GEORGE PERLEY: That brings up a point about which I should like to have the minister say a few words. This list of steamship subsidies continues year after year. It seems in most cases that once a company gets on the list it remains there, usually at the same rate. I have often thought the amounts paid for these subsidies might very well be reduced a bit, and I should like to ask the minister whether, when new contracts are made, an effort is put forth to have the amount of the subsidy reduced. When these companies first come asking for subsidies they usually bring statements showing their receipts and expenditures, and in that way show cause why the government should help them maintain necessary services. I should like to ask the minister whether he makes an effort, as I think ought to be made, every time one of these contracts is renewed, annually or whenever it may be, to get the amount reduced if the receipts from the service warrant that reduction.

Mr. EULER: In reply to my right hon. friend I may say that last year one subsidy was reduced from half a million dollars to a quarter of a million, while another was reduced by some $160,000. There are, however, a number of subsidies which are given by contracts running for a period of years. As far as I am concerned I have tried, with some success, to restrict all new contracts to a period of one year. Further, for the information of the committee I should say that it is my desire to diminish these subsidies as much as possible. As a matter of fact I do not believe in the principle of subsidies at all, and in my opinion only in exceptional cases, where the interests of the country are concerned, should subsidies be given. It had been

my hope to be able to make a complete survey of the whole situation last fall. I need not go into the reasons why it was impossible for me to do so, but I hope to be able to carry out that intention some time in the future.

Sir GEORGE PERLEY: I think it is a very good idea to have contracts made from year to year, but even in connection with contracts covering a term of years, when the contracts expire and the companies ask for new contracts and further subsidies, a good opportunity is afforded to review the whole situation.

Mr. EULER: Quite so, but my right hon. friend also must know that if the service is considered necessary and a subsidy is deemed essential we are obliged to call for tenders, and the lowest tenderer is given the contract, providing the ships and service he offers are satisfactory.

Sir GEORGE PERLEY: Not if the minister thinks the subsidy is larger than is required.

Mr. EULER: I am not sure that I understand my right hon. friend. If the service is necessary, tenders are called. If the rates quoted should be regarded as absolutely excessive or there was no competition shown, probably the subsidy would be refused altogether, but we have to use our best judgment after the tenders are in and do whatever seems best.

Sir GEORGE PERLEY: I only want to be satisfied that the minister is giving this matter his careful consideration, because it has often occurred to me that this is a sort of perpetual list, much longer than is really necessary.

Mr. EULER: It is a matter of great concern to me.

Mr. MacNICOL: May I ask why the mail subsidies are under the Department of Trade and Commerce instead of being under the Post Office Department?

Mr. EULER: It is a combination; the mail subsidy usually forms only a portion of the whole subsidy that is given, and for the subsidy given the company or the vessel is obliged to carry the mails as well. If there were no subsidy given at all for the purpose of promoting commerce by the transportation of goods and so on, then the Post Office Department would make its own appropriation.

Mr. MacNICOL: And does the Department of Trade and Commerce charge it up to the Post Office Department?

Mr. EULER: No, I am sorry to say we do not. I think we should.

Mr. CHURCH: I should like to ask the minister whether he has considered extending this policy of mail and steamship subventions to the great lakes and inland waterways of this country. For example, at one time on lake Ontario there was steamship service between Belleville, Cobourg, Port Hope, Oshawa, Whitby and Toronto, and on the Hamilton division between Oakville, Hamilton, St. Catharines and other places. Is it the principle of this vote to include only the Atlantic, the Pacific and the maritimes? Why should not this principle be applied to cities and towns on the great lakes in order to provide connections with United States ports across the lakes? In that country they have a service like this on lake Erie between Erie, Buffalo, Toledo, Detroit and many other places. We are expending some $2,000,000 under this item. Why should not this principle be applied to the great lakes? During the months when there was formerly a service between the places I mentioned, the freight rates dropped fifty per cent, which helped the fruit, vegetable and dairy producers. Has the minister made any survey in that connection as the boats to these Ontario ports ceased running long ago?

Mr. EULER: I am rather sorry my hon. friend has raised this question if there is any chance that it may encourage those operating boats on the great lakes to come to the department asking for subsidies. I take it for granted that they are making enough money because they have not made any such request, and I would not like them to be encouraged to do so. On the great lakes there are various transportation services, which is not the case in various portions of the maritime provinces, where very often there are isolated communities which would be cut off from the outside world if it were not for some boat, which, however, cannot make a profit out of the service. There is only one subsidized service on the great lakes; it is on lake Erie, I believe. We have had no applications for others, and I hope we do not receive any.

Mr. CHURCH: In the province of Ontario the steamship companies were put out of business by the good roads. With all due respect to the minister, in my opinion the old central provinces should receive some consideration. At one time they had a local steamship service which made the railways cut freight rates by from fifty to sixty per cent. The minister comes from the province of Ontario, and I think there should be some ex-

tension of this policy to the inland lakes of the country and restore boats to these old places.

Item agreed to.

Dominion Bureau of Statistics, $517,000.

Mr. BARBER: Would the minister give us the reasons for the decrease?

Mr. EULER: There was a census in the prairie provinces last year, and that is not necessary this year.

Item agreed to.

Electricity and Fluid Exportation Act, administration of, $750.
Electricity and gas inspection service, $230,000.

Mr. CHURCH: Inspections and tests under item 281 are costing the six hundred municipalities of the province of Ontario a very large sum of money. I have brought this matter to the attention of the minister on many occasions. The government should pay part of the cost, because you can buy these appliances by the tens of thousands. Tests for the few are the same as for the many. The minister was one of the pioneers in this matter. I brought this to the attention of his predecessor, Mr. Robb, and he saw a great deal of merit in the argument that in connection with the public utility which is being operated at cost, and of which the consumer gets the benefit, there should be preferred treatment in connection with the administration of electrical inspection. This is costing large cities like Hamilton and London many thousands of dollars. The cost of inspecting these meters on the unit system is out of all proportion and should be discontinued. In my opinion the government should pay the cost of this inspection, especially when it is for a public utility operating at cost.

Mr. STEWART: Has the number of licences for the export of fluid and electricity increased? Has the quantity authorized under the licences involved in vote 280 substantially increased in the last year?

Mr. EULER: There has been only one new one, concerning which I shall get the information in a minute. A new licence to export energy was issued to the Manitoba Power Commission on August 28, 1936, to export 1,000 kilowatts.

Mr. STIRLING: What was the warrant for the increase?

Mr. EULER: In connection with their application for licence to export, the Manitoba Power Commission stated that the amount for which the licence was requested would very nearly equal the amount of power which they import from the Interstate Power Company of North Dakota, to meet the requirements of Emerson, Manitoba. The amount to be exported was so small that it would not interfere with the requirements of the province of Manitoba.

Sir GEORGE PERLEY: I understand it is the policy of the government not to issue any further licences for export. I am not referring to this instance particularly, because the reason given by the minister is a good one. There was an exchange of power, because Manitoba got the same quantity from the United States. I understand it is the policy of the government not to issue further licences for the export of power; is that correct?

Mr. EULER: We do not grant licences to export power, except with the consent of the province concerned. We have given only this one.

Sir GEORGE PERLEY: I understand that. This one seems quite all right, because it involves only an exchange of power; we get back what we export. But if at the present time an application is made to the government for a licence to export a large quantity of power, what would the procedure be? What is the government's policy in that respect?

Mr. EULER: I do not know that I am in a position to say, except that I suppose each case would be judged on its merits. As a general principle, and speaking for myself rather than for the government—in fact, that is the only way I can speak—I would say it is not the policy of the government to export to another country power which might be needed in this country. However, no applications have been received, and I believe there are none before the department. About all I can say to my right hon. friend would be that we will cross that bridge when we come to it.

Sir GEORGE PERLEY: The minister's answer does not quite satisfy me. As a matter of fact, we learned from sad experience that when we gave authority to export power we could not stop its exportation when we wanted to. It so happens that I was one who had a great deal to do with the granting of almost the first application for the export of power to the United States. That happened many years ago. We went over the papers very carefully and it was therein stated, as definitely as words could make it, that the export of the power could be stopped on proper notice whenever the government of Canada wished to do so, or whenever the power was required in this country. But when it came to the

time when we wanted the power, during the war, the United States took the ground that industries in that country had been built up through the use of the power and that it would be an unfriendly act on our part to discontinue the export of it. I take it that from that time forward everybody was pretty well agreed that it was not in the interests of Canada to grant licences for the export of power, even if it was not required by us at that particular time. In view of what our future requirements might be it was considered our best policy not to grant further licences for the export of power. The minister does not seem to have taken that view of it, or to think that that is the position, but certainly that is the way I understood it.

Mr. EULER: I am familiar with the incident to which my right hon. friend refers, and I know that at that time there was a feeling abroad—it is not practical at this time—that we might have difficulty in regulating or stopping the export of power on future occasions. That may be a matter of opinion. I cannot definitely say at this time, if the right hon. gentleman wishes me to make a direct statement, that this government is taking the absolute position that in no case whatsoever will it issue a licence to export power. I cannot say that. But I will say, as I said before, that I do not anticipate any substantial exportation of power, and certainly none which in the opinion of the government would in any way prejudice Canada's position in the future with regard to power requirements. I can give my right hon. friend no further assurance than that. I do not know of any absolute assertion by any government that as a matter of definite and conclusive fact they will not at any time export any power.

Sir GEORGE PERLEY: I think the minister is right in that.

Mr. EULER: I think we should consider each case on its merits.

Sir GEORGE PERLEY: There might be special exceptions, but as a general policy I think we were all pretty well agreed—

Mr. EULER: I think we are now.

Sir GEORGE PERLEY: —that in practice we cannot stop the export of power, once we give the licence.

Mr. STEWART: With further reference to the point brought up by the hon. member for Argenteuil, I remember that some years ago in my enthusiasm I introduced a bill to prohibit the export of electricity. It passed this house, but it was rejected in the other chamber. In connection with the bill I studied the matter somewhat carefully, and found on the files of one of the departments a memorandum from one of the power authorities in the state of New York stating, in answer to representations made by this government, and in connection with the occurrence to which the hon. member for Argenteuil has referred, that the licences were very specific, that they were only yearly, and that every licence had to be renewed at the end of each year. This authority came back and pointed out that notwithstanding that they took the position that if, even under a temporary licence and with the specific stipulation that it was only for a year, the export of power was allowed to continue, industries would be established; and as the hon. member has said, it would then be considered an unfriendly act to terminate the licence. I agree there are exceptions to these cases but I understand the policy of governments through all these years has been to limit and restrict the export of power, keeping in mind the possibility the hon. member for Argenteuil has referred to.

I do not want to take the time to-night to place this memorandum on Hansard as it is rather long, but it takes the very strong and definite position that notwithstanding the fact that a licence is only annual and is not considered as having to be renewed, the power licence could not and should not be cancelled and they would not stand for any action of that kind. I am sure the minister is aware of the position in a general way. Has he the total quantity of power authorized for export under these licences? I understand it is comparatively small. In view of the industrial expansion that is likely to take place and the fact that hydro electric power is of incalculable value to Canada, I hope this policy of restricting export as far as possible will be continued.

Mr. EULER: The total export amounts to 397,686 horse power.

Mr. STEWART: I understand some of that is being exported under contracts made some years ago in connection with Niagara power?

Mr. EULER: Yes.

Mr. STIRLING: The leader of this government has always taken a strong stand on the duties and powers of parliament. Can the minister assure the committee that no licence for the export of power will be granted without parliament being consulted? I think it was eleven years ago that this matter was debated in the house, and my recollection is that at that time there was an expression of opin-

ion by the great majority of members that parliament should be consulted before any further power was exported.

Mr. EULER: My hon. friend has been a minister and has had sufficient experience to know that a minister on the floor of a house does not by himself evolve policies. I am afraid I cannot give him the assurance he asks for. However, as I stated before, no licence is granted except with the consent of the province from which the power is to be exported. I am afraid I cannot go any further than that at the moment. No applications have been received and no new licences are being given.

Mr. CHURCH: Mr. Chairman, we are voting $230,000 for electricity and gas inspection service. This whole amount should be handed over to the publicly and privately owned utilities. The hon. member for Leeds referred to connections from primary lines to secondary lines to houses. As an illustration of the defects in this inspection service I would direct the attention of the committee to a blowout that occurred the other night at the corner of King and Bay street, Toronto, in front of the Globe and Mail office. I am not blaming this on the Globe and Mail, but it happened nevertheless. At this particular corner the gas company has prior rights; then comes the Bell Telephone Company, and then other public utilities. When the accident occurred, one public utility was called and it was found the inspection was faulty. This inspection service should have been left to one or the other of the public utilities, or to all of them. I think the minister would save a lot of money if he insisted that the different public utilities should be responsible for any inspection. When a private individual takes such matters into court, the gas company, the Bell Telephone Company, or the light and power company reply that the service is inspected by the federal authorities. In that way the private citizen whose property has been damaged by an accident is made the goat, if I may use an unparliamentary term.

One fact overlooked by many hon. members is that there is a large revenue accruing to the federal government from these meter inspections. The different utility companies are loaded up with heavy inspection costs for an inspection service that is faulty at times. When this accident occurred in Toronto, the police were telephoned. Then the police called the three public utilities. The engineers met, and without the government being consulted decided on what was wrong. I think the time has come when the Department of Trade and Commerce should get out of this inspection business.

The other day while the hon. member for St. Lawrence-St. George was speaking the lights went out. There may have been an accident on the primary or the secondary lines, but the system of inspection must have been at fault. The so-called inspection does not amount to a snap of the fingers. I fail to see where the principle of all this legislation lies. I have seen meters inspected, and I can assure you that very often it is not what it ought to be. The time is coming when there ought to be a conference between the department and public utilities with a view to eliminating duplication. I was a director of a gas company in Toronto for seven years and I was also mayor of the city, and I know that there was duplication all along the line, for there was municipal, federal and provincial inspection, all the inspectors doing the same work. The same thing applies to the telephone service. There is duplication in every direction. I believe that many people could take the dominion government into court, if only it could be done under our system. We have a vast system of inspection all the way from Halifax to Vancouver but we are not getting value for the money that we are spending. I did not wish to make any more speeches at the end of the session, but when I see the department doing nothing I think it my duty to speak as I have done.

Items agreed to.

Mr. PERLEY (Qu'Appelle): I wonder if the minister would be good enough to revert to item 277?

Mr. MACKENZIE (Vancouver): Make your comments on the next item.

Mr. EULER: I shall have to accede to the hon. gentleman's request because he asked me this morning whether this item would come up to-day, and I told him I did not think it would. I think he should have an opportunity to make his remarks.

The Canada Grain Act, including management, operation, and maintenance, also equipment of elevators, administration of, $1,899,200.

Mr. PERLEY (Qu'Appelle): The report of the board of grain commissioners tabled yesterday is an important document which we have not yet had time to study carefully. Would the minister care to make a statement with regard to the milling test of the trial shipment of garnet wheat, indicating how this report will affect the grading of that wheat? Does he expect it will result in any change in the grading? I understand that the shipment did not turn out well.

Mr. EULER: I regret that I cannot make an extended statement at the moment. I understand that the commissioners are now investigating the whole matter, but I will submit his remarks to them and perhaps give a reply later. I am not very familiar with the report myself, not having had an opportunity to peruse it completely. If it is satisfactory to my hon. friend I will answer his question later.

Mr. PERLEY (Qu'Appelle): I thought that if the report were well known to the western producers it might affect their seeding considerably this spring. However, as the minister says that he will give me the information later, that is all right. Has the board suggested any amendments to the Canada Grain Act?

Mr. EULER: Yes; in fact it was intended last year that there should be amendments to the act at this session, but for a number of reasons it has not been proceeded with. It will probably come in next session.

Mr. PERLEY (Qu'Appelle): Did the suggestions for the amendments come from the trade?

Mr. EULER: Some of them did. The whole matter is under investigation and we are awaiting the report of the commission. I can assure my hon. friend that in all probability a bill will be introduced next year to amend the act.

Mr. PERLEY (Qu'Appelle): Has there been any suggestion from the operators of the western terminals of a change in the rates at the terminals?

Mr. EULER: I am informed that there have been no applications.

Item agreed to.

Exhibitions and fairs, $215,000.

Mr. BARBER: Will the minister give a list of the exhibitions and fairs, and the amounts?

Mr. EULER: Trade fairs and exhibitions in the United Kingdom are:

British Industries Fair, London and Birmingham, $25,000.
Housing and Health Exhibition, Glasgow, $7,500.
Imperial Fruit Show, London, $2,500.
Ideal Homes Exhibition, Belfast, $7,500.
Aldershott Show, $1,000.
Dairy show, London, $2,000.
International Exposition, Paris, $25,000.
Royal Netherlands Industries Spring Fair, $8,000.
Canada Shops in Great Britain, $15,000.
Exhibitions under cooperative policy, $20,000.

Mr. BARBER: These are only for certain periods of the year. The fruit show would be only for a short time?

Mr. EULER: Yes, for short periods.

Mr. TOLMIE: Are these Canadian exhibits over there being maintained at a high level so as to be a credit to the country?

Mr. EULER: Certainly.

Item agreed to.

Motion picture bureau, $41,880.

Mr. TUSTIN: Is this for advertising purposes?

Mr. EULER: Yes.

Item agreed to.

National Research Council, $621,500.

Mr. MacNICOL: I am well aware that the National Research Council does splendid work. I have seen its work in industry in various fields, but I should like to know whether it has been making any investigation into the roasting or sintering of low-grade iron ores. Lately, within a few years the research department of the university of Minnesota has made great progress and the system developed in that state is giving splendid results in the roasting of the low-grade iron ores of the Mesaba range. As the Ontario government has acceded to the requests to give two cents per unit for the roasting of iron ore in Ontario, and I believe this summer the new Helen iron mine will be reopened, I have been wondering whether the National Research Council has perfected anything along the line of roasting low grade iron ores.

Mr. EULER: I was going to say to my hon. friend that I have no information before me, but I am now assured that the answer is in the negative.

Mr. STEWART: I notice an increase of $111,500 in this item as compared with last year. Would the minister give an outline of the extension of the services, or the reason for this increase?

Mr. EULER: Salaries, $26,908. Does my hon. friend want the details?

Mr. STEWART: Oh, in a general way.

Mr. EULER: It has to do with salary increases, operating laboratory divisions, scholarships $10,000, grants of something over $7,000, travelling expenses $2,500, administration, $2,000. Then there is the reconditioning of the hydro electric plant, provision of service to the main building, and other repairs; that runs to about $41,000.

Sir GEORGE PERLEY: Is there any increase in the staff?

Mr. EULER: Yes, there is some increase in staff. I may mention that the government is under constant pressure to increase the appropriations for the National Research Council. For my part I should like to do so; in fact, I think that so far as expenditures for this particular purpose are concerned we are far behind some other countries which I might name, including Russia. But I need not assure my hon. friends opposite that in these days it is very difficult to get appropriations increased, and I was gratified to get the increase that we are now asking for.

Mr. STEWART: I was anxious to know if the council is embarking on any new fields, or if this represents just a general increase along the lines of their present activities. As the minister says, they might well branch out into some new activities, but apparently that is not contemplated even with this increased expenditure.

Mr. EULER: I do not think it is possible to branch out to any considerable extent with the amount of increase that is provided here; but it is the best we can do this year.

Item agreed to.

Publicity and advertising in Canada and abroad, $65,000.

Mr. BARBER: The minister might give us some particulars on this item.

Mr. EULER: The amount estimated to be needed is $65,000. This is to provide for advertising in Canada and abroad exclusive of Great Britain and Europe. It is divided as follows: Canadian newspapers; trade, industrial and financial papers and magazines, and other advertising; a weekly news service in Spanish for Latin American newspapers, replacing Reuter's service; for broadcasting daily news service through the marine department by the Canadian Press to Pacific liners, and a similar service is proposed in connection with Atlantic ships; newspapers and periodicals to be used by this branch for clipping and reference purposes; printing and stationery, travelling expenses and other contingencies; and for the Canadian trade index and the partial services of a stenographer.

Mr. LAWSON: Why the increase?

Mr. EULER: In view of certain special publicity which is contemplated in connection with Canada's participation in the international exposition at Paris, May to November of this year; the follow-up of the "Canada Calling" campaign which has been instituted in the United Kingdom this year, conducted by the high commissioner in London, and further advertising in empire countries. It is considered that this increase will be required.

Item agreed to.

Miscellaneous—Grant to l'Association Canadienne-Francaise des Aveugles to assist in work with the blind, $4,050.

Mr. COLDWELL: I notice three items of grants to organizations to assist the blind. Are the other organizations also receiving grants? I refer to the Canadian Federation of the Blind and the Canadian National Institute for the Blind.

Mr. STIRLING: One of those you mentioned is provided for in item 253.

Item agreed to.

Amounts required to provide for grants to be made to the provinces of—
Nova Scotia, $1,300,000.
New Brunswick, $900,000.
Prince Edward Island, $275,000.
British Columbia, $750,000.

Mr. STEWART: What are those?

Mr. BARBER: Are those outside the statutory grants?

Mr. STEWART: Are those outside the subsidies, or what are they?

Mr. CRERAR: I think I am speaking within the facts when I say that the grants to Nova Scotia and New Brunswick and Prince Edward Island are special grants arising out of the reports of commissions that inquired into their position, the Duncan report, and I think the White commission later. The special grant to British Columbia of $750,000 was the interim subsidy arranged for, I think in 1932—

Mr. STIRLING: 1934.

Mr. CRERAR: —pending settlement of matters later.

Item agreed to.

Federal District Commission—To provide for maintenance and improvement of properties under the control of the Federal District Commission, $144,400.

Mr. STEWART: What is the explanation of the increase?

Mr. DUNNING: I have not the details before me. There is a small increase in the amount of work to be done consequent upon the enlargement last year of the area of the driveway. There was an extension of the driveway system going through the experimental farm and connecting with the further portion.

Item agreed to.

To provide for a contribution to the government officers guarantee fund, $20,000.

Mr. COLDWELL: What does that comprise?

Mr. DUNNING: After a study made a year ago with respect to the bonding of government officials—my hon. friend will remember the discussion?

Mr. COLDWELL: Yes.

Mr. DUNNING: This is the annual contribution.

Item agreed to.

Mr. O'NEILL: With permission I should like to revert to item 234:

To provide for salaries and expenses of the Tariff Board, including additional provision by reason of the increased jurisdiction under the Dominion Trade and Industry Commission Act —payments may be made notwithstanding anything in the Civil Service Act or regulations, $180,000.

Is anything being provided for a public prosecutor under the Dominion Trade and Industry Commission Act, to deal with unfair trade practices?

Mr. DUNNING: While administration of the act is still included in this vote it will be remembered that legislation is before parliament now, and has passed this house, with respect to the combines act, which would have effected a reduction in this vote of about $30,000 had we been sure that the legislation would be duly completed. The Dominion Trade and Industry Commission Act never was under my direction. While the tariff board reports in connection with tariff matters to the Minister of Finance, in connection with the trade and industry commission act they report to the Prime Minister; and if the legislation which has been discussed in this chamber becomes law, in future they will report to the Minister of Labour. As to a public prosecutor, I cannot answer except to say that as far as I remember the legislation which has just passed this house did not make such provision.

Mr. LAPOINTE (Quebec East): Except that the Minister of Justice may appoint counsel.

Item agreed to.

Chief Electoral Officer—salaries and contingencies of office, $16,384.

Dominion Franchise Commissioner—salaries and contingencies of office, etc., $14,340.

Mr. WALSH: Does this amount include a salary for an assistant to the officer?

Mr. RINFRET: Yes. The commissioner's salary is statutory. This item includes the salary of the assistant and stenographer and a small staff.

Mr. WALSH: Is there sufficient work to keep the assistant reasonably engaged during the course of the working day?

Some hon. MEMBERS: No.

Mr. RINFRET: Perhaps my hon. friend will be satisfied with an explanation of items 240 and 241. The whole matter is now before a committee of the house, which has just reported, and until we take action to concur in that report I think it is advisable to carry on with the present staff. There will be changes in both offices when the house takes action on the report of the committee.

Mr. BARBER: What is the salary under 240?

Mr. RINFRET: The chief electoral officer gets $6,000 by statute. The salary of the assistant is $3,078; secretary, $1,767; clerk-stenographer, $1,539; and $10,000 for contingencies.

Mr. WALSH: I presume it is the same assistant who put in an appearance on the salary scale after the last election? The same assistant is there who was appointed about a year ago?

Mr. RINFRET: My hon. friend will find that there is no change, only a slight statutory increase of $114.

Mr. WALSH: I was wondering whether the government had taken any official cognizance of the criticism directed last year at the appointment of an assistant. After the election had taken place in 1935 an assistant was appointed, when the position could have been left vacant for a period of four years at least and that amount of money saved. I was wondering whether the Minister of Finance in his desire to save a little money for the over-burdened taxpayer had remembered the criticism of last year and suggested that the Secretary of State should remove that person from office and reduce his budget accordingly.

Mr. RINFRET: That salary was voted year after year. I admit the appointment was not made for some time, but last year it was deemed advisable not to leave that office in the hands of a single officer, Mr. Castonguay; it was thought proper to give him an assistant. The dominion franchise commissioner also has an assistant. I do not think my hon. friend wants to discuss that at length to-night, but I repeat that it will be in the hands of the House of Commons next year, when they

take action on the report of the committee on elections to dispose of the whole matter. In the meantime I think it is advisable to carry on as we are.

Mr. LENNARD: What is covered by the contingencies?

Mr. RINFRET: The contingencies are to provide for by-elections.

Mr. LENNARD: In what way?

Mr. RINFRET: We cannot have a fixed amount because we do not know what by-elections will take place but the same amount is voted to both officers, to take care of by-elections.

Mr. LENNARD: How much was spent last year?

Mr. RINFRET: Under the dominion electoral officer we spent in Wright, which was not contested, $366.44; in Gloucester, which was not contested, $364.42; in Ottawa East, which was contested, $4,667.60. Under the other vote, of course, we had to prepare the lists in the three cases, and the total amount spent was $13,199.88.

Mr. POULIOT: I am not going to discuss whether the chief electoral officer should use round or square pens; that is a matter of very little importance, but there is a difference of $4,000 in the salaries paid the franchise commissioner and the chief electoral officer. It seems to me that either the salary of the franchise commissioner should be reduced by that amount, or that the salary of the chief electoral officer should be increased by that amount. It would be only fair, because the chief electoral officer has tremendous responsibilities which should be taken into consideration. He does his work very well, and his salary should be increased in order to put him on the same level as the franchise commissioner.

Item agreed to.

Dominion franchise commissioner — salaries and contingencies of office, etc., $14,340.

Mr. BARBER: I should like to ask what the dominion franchise commissioner is doing now, and what he has been doing for the last two years.

Mr. RINFRET: The franchise commissioner prepares the electoral lists. My hon. friend will recall that in 1934 we passed an act under which we not only established new lists for the whole dominion but provided that these lists would be revised every year. In 1936 the government proposed a bill, which was adopted by the house, doing away with the annual revision, which was replaced by a special provision covering by-elections and providing for the preparation of lists. So now the office of the dominion franchise commissioner, instead of supervising a general revision of the lists every year, is merely entrusted with the preparation of those lists whenever there is a by-election.

Mr. BARBER: And therefore between by-elections he has nothing to do?

Mr. RINFRET: Well, I must admit that the whole situation needs overhauling, and I quite agree with the remarks made by the hon. member for Témiscouata. There is no doubt that when we deal with the report of the elections committee next year we shall have to go into all these matters very carefully.

Item agreed to.

Grant to John Thomas (Jack) Miner to assist him in his wild life conservation work, $4,000.

Mr. MacNICOL: I should like to compliment the government on maintaining this item at the amount that was voted last year, and I am in favour of increasing the amount. Jack Miner certainly has done a very wonderful work; he has been able to bring back the Canada goose to this country to a remarkable extent. Two years ago I believe he had about two thousand Canada geese winter at the reservation, and I believe this number has increased now to about seven thousand. I believe he contributes a good deal more than the amount voted by the government, and I hope the government contribution will increase rather than decrease.

Mr. TOLMIE: I should like to add my endorsation of this grant to Mr. Miner. He is doing a very excellent work.

Item agreed to.

To provide for report on cultural conditions in Canada (literature, art, drama, education, etc.), $2,500.

Mr. DOUGLAS: Will the minister explain this vote?

Mr. DUNNING: This has been in the estimates now for several years. It is a payment, in fact, to Sir Charles Roberts.

Item agreed to.

Unemployment and Social Insurance Act, $40,000.

Mr. POULIOT: I do not see the reason for this vote, because according to a return tabled in the house recently this commission has been abolished. It is in the same position as

the economic council. Two members of the commission who were appointed by the late government each received $13,800 for doing nothing, and in addition Mr. Moore and Mr. Baudet spent $450 and $890 respectively in travelling expenses.

Mr. MACKENZIE KING: I may say, Mr. Chairman, that the estimates were prepared before the decisions of the privy council were made known, and in the meantime the government had to make some provision. Now that the decisions have been given I do not see any necessity for the money being voted, but the item might stand until I see if there is anything further outstanding.

Mr. HEAPS: Perhaps the Prime Minister would be good enough to inform the committee as to the policy of the government with respect to the legislation which has been declared ultra vires, as to whether it is the intention of the government at another session to see if they can proceed with some type of unemployment insurance.

Mr. MACKENZIE KING: The government is most anxious to proceed rapidly with further legislation, and the matter will be given very full consideration between now and the time parliament reassembles next year.

Mr. POULIOT: And in the meantime I hope Mr. Baudet, the former commissioner, whom I had expelled from my office by a constable, will get nothing.

Mr. MACKENZIE KING: He is not getting anything now.

Item stands.

To provide, subject to the approval of the treasury board, for salaries, reclassifications and increases, and to authorize payment of the salary of any employee, who is made permanent, from the appropriation under which his salary as a temporary employee has been provided, $100,000.

Sir GEORGE PERLEY: Why should the amount be so much larger this year?

Mr. DUNNING: The amount fluctuates, of course, from year to year. A year or two ago it was over $200,000. It depends upon what can be foreseen by way of expanding services in various directions which have not been provided for in the main estimates. In fact I can tell my right hon. friend that from a survey just completed to-day I think I will have to ask for a supplementary vote in this connection, in order to have a sufficient sum in what is called the general salaries account to take care of what is already contemplated in the way of additional services for which provision has not been made in the main estimates, which of course were prepared a number of months ago.

Item agreed to.

Statue of the late Sir Arthur G. Doughty, to be erected in front of the dominion archives building, $15,000.

Sir GEORGE PERLEY: I suggest that this item should stand; someone may wish to speak on it.

Mr. POULIOT: Before it stands I have a word to say. The late Sir Arthur Doughty was undoubtedly the first civil servant of this country. He did marvellous work at the archives; in fact, he was the initiator of the Canadian archives. He was also our foremost historian, in that he provided everyone with authentic information in regard to the history of this country. He was a Canadian at heart, and one can only appreciate—

The CHAIRMAN: I do not like to interrupt the hon. member, but this item stands, and I do not think there should be any discussion on it.

Mr. POULIOT: It was suggested by the right hon. member for Argenteuil that the item should stand. Before the observations from the chair I had made a few observations, but as the item now stands I shall take a further opportunity to continue what I have to say.

Item stands.

To provide for expenses of the comptroller of the treasury's office, $1,751,053.25.

Mr. DUNNING: This item was allowed to stand in my absence. If there is any question, I am prepared to answer.

Item agreed to.

National Harbours Board—

Advances to National Harbours Board, subject to the provisions of section 29 of the National Harbours Board Act to meet expenditures during the calendar year, 1937 on any or all of the following accounts:

(a) Retirement of maturing debentures and bank loans
Halifax, $964,338.37.
Saint John, $305,000.
(b) Reconstruction and capital expenditures—
Halifax, $10,100.
Saint John, $309,225.
Quebec, $120,000.
Chicoutimi, $2,750.
Three Rivers, $14,000.
Montreal-Jacques Cartier bridge, $2,000
Churchill, $10,000.
Generally unforeseen, $100,000

Mr. WALSH: I should like to have this item stand. The hour is late; it is of some importance.

Sir GEORGE PERLEY: May I suggest that the hon. member could speak on item 294.

Mr. WALSH: Very well.

Item agreed to.

To provide for Soldier Land Settlement advances and for advances under the British family schemes recoverable from the British government, $292,810.

Mr. MacNICOL: Does this item have reference to the settlement of returned soldiers in the Northwest Territories?

Mr. DUNNING: No, this refers to the British family scheme.

Item agreed to.

Amount required to cover the payment of retiring leave to officials other than those on civil government, $2,800.

Sir GEORGE PERLEY: Under what item do parks come? The right hon. leader of the opposition wishes to make some observations concerning the parks.

Mr. CRERAR: That is correct. His observations could come on the special supplementary estimates.

Mr. DUNNING: There will be an opportunity.

Mr. CRERAR: The matter the leader of the opposition wishes to discuss could come under any of the items from 156 to 168, or under the special supplementary estimates which have not yet been before the committee.

Sir GEORGE PERLEY: If item 152 is permitted to stand, he could make his observations on that item.

Mr. CRERAR: Yes. Strictly speaking, what he might have to say would come under other items, but he could speak on item 152.

Mr. DUNNING: There are several items on which he could speak, in any event.

Sir GEORGE PERLEY: It is understood that he can say what he wishes to say on any of these items?

Mr. MACKENZIE KING: Yes.

Mr. LAPOINTE (Quebec East): He will find a way, anyway.

Sir GEORGE PERLEY: There was no necessity for that remark.

Item agreed to.

[Mr. Dunning.]

Investigation and national inventory of water and power resources of Canada; investigation and study of international waterway problems; the dominion hydrometric survey and the administration of the Dominion Water Power and Irrigation Acts, etc., $164,088.

Mr. MacNICOL: We have read that the Ontario government have contracted to permit an American lumber company to take lumber off the Long lake watershed in northern Ontario, consisting of approximately an area of about 1,700 square miles. If I am informed correctly, under the contract the company will be permitted to divert water from that watershed by damming the Kenogami river, which flows out of Long lake and Little Long lake, with a flow I understand of about a thousand feet per second, and has been given the right to divert the water through the height of land into lake Superior.

I should like to ask the Prime Minister if the Ontario government has the right to permit the diversion of water out of any Ontario watershed connected with Hudson bay southward into an international body of water, in this case, lake Superior?

Mr. MACKENZIE KING: That is a legal question, and I should like to consult with the Minister of Justice before giving the hon. member an answer. Perhaps he would permit the question to stand and we may give an answer later on.

Mr. MacNICOL: The item may carry, so far as I am concerned; the Minister of Justice will answer later.

Mr. MACKENZIE KING: That is correct.

Item agreed to.

To provide for the expenses incurred under the agreement between the dominion, Ontario and Manitoba, confirmed by the Lac Seul Conservation Act, 1928, for the construction of a dam at the outlet of Lac Seul and its operation by the Lake of the Woods control board; moneys expended to be reimbursed to the dominion by the province of Manitoba under the terms of paragraph 8 of the Manitoba Transfer Agreement, $20,000.

Mr. MacNICOL: I understand that from the west end of lake St. Joseph, one of the sources of the Albany river, there is now a small canal connecting the Root river and the English river. This is up in northern Ontario. I was wondering if any established rights will be obtained by the people operating that canal. If they have established rights, perhaps later on the government will have to buy them back, in the event of further developments in that part of Ontario.

Mr. CRERAR: That is a matter within the jurisdiction of the province of Ontario. I understand there have been some minor im-

provements made in connection with transportation into the Central Patricia mining area. I am not aware of a canal having been built, such as that to which the hon. member refers. I do know there have been some improvements in communications. In any case the matter is one wholly within the control of the province of Ontario. I do not think it is a question that touches dominion administration.

Item agreed to.

Expenses connected with the maintenance in a state of effective demarcation of the international boundary, $29,200.

Mr. BARBER: What progress has been made in the resurveying of the international boundary in British Columbia?

Mr. CRERAR: I am informed that this work is being carried on in southern British Columbia. Part of this vote is for the purpose of maintaining the markers on the international boundary and any other necessary upkeep that might be required.

Mr. BARBER: I understand that two parties have been carrying on this work for the last two years. I would not say it is an annual affair as some progress has been made, but I should like to know how much work has to be done.

Mr. CRERAR: I understand that the work is practically completed, but it is necessary from time to time to do some work in connection with maintaining the markers.

Mr. BARBER: Will there be another party out this year? I understood from the officers in charge that they had not completed the work.

Mr. CRERAR: I am informed that it is not expected to put a party out this year.

Item agreed to.

Progress reported.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 104, for the relief of Albert Henry Pergley.—Mr. Jacobs.

Bill No. 105, for the relief of Suzanne Rosenthal Winnikoff.—Mr. Factor.

Bill No. 106, for the relief of Mary Briggs Robinson.—Mr. Jacobs.

Bill No. 107, for the relief of Mildred Gordon Kahn.—Mr. Jacobs.

Bill No. 108, for the relief of Ernest Arthur Allen.—Mr. Tomlinson.

Bill No. 109, for the relief of Florence Rose Wright Clark.—Mr. MacKinnon (Edmonton).

Bill No. 110, for the relief of Constance Hope Davidson.—Mr. Heaps.

BANK OF CANADA

REPORT TABLED ON THE FINANCIAL POSITION OF ALBERTA

Mr. DUNNING: I desire to table a report made by the Bank of Canada on the financial position of the province of Alberta.

It being sixteen minutes after eleven o'clock the house adjourned, without question put, pursuant to standing order.

Thursday, April 8, 1937

The house met at eleven o'clock.

FARM IMPLEMENTS COMMITTEE

Mr. J. F. JOHNSTON (Lake Centre): Mr. Speaker, I desire to present the second report of the special committee on farm implement prices, together with a copy of the evidence taken before the committee and before the standing committee on agriculture and colonization in 1936, and the exhibits filed. In this connection may I be permitted to give notice that on Saturday, April 10, I will move that the recond report of the special committee on farm implement prices be concurred in.

SUPPLEMENTARY ESTIMATES, 1937-38

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1938, was presented by Hon. Charles A. Dunning (Minister of Finance), read by Mr. Speaker to the house and referred to the committee of supply.

MILITIA PENSION ACT

On order for introduction of bills:—

Mr. JEAN-FRANCOIS POULIOT (Temiscouata): With reference to the order standing in my name for introduction of a bill to amend the Militia Pension Act, may I ask the Minister of National Defence (Mr. Mackenzie) if his department is studying now the matter of seconding in order to bring in some legislation in that regard next session?

Mr. MACKENZIE (Vancouver): The subject referred to by the hon. member has been under consideration for some time by the department.

Mr. POULIOT: The bill will be dropped.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

ST. JOHN RIVER AND GRAND LAKE, N.B., CHANNEL —BUOYS AND STAKES

Mr. BROOKS:

1. Have contracts been granted for placing buoys and stakes to mark channel of Saint John river and Grand lake, New Brunswick?
2. If so, who received the contract, and what was the amount of the tender?
3. Is there a date set for the placing of the buoys and stakes?

Mr. HOWE:

1. A contract has been awarded.
2. William McFadzen, lowest tenderer, $650.
3. There is no set date. Contract requires that buoys and stakes be placed upon opening of navigation each year.

QUESTIONS PASSED AS ORDERS FOR RETURNS

BOATS OPERATING IN ST. LAWRENCE WATERS

Mr. LAPOINTE (Matapedia-Matane):

1. How many boats of every class will the federal government operate in the St. Lawrence waters during the next season of navigation?
2. What are their names?

Mr. RINFRET: Return tabled herewith.

FEDERAL PAYMENTS TO NOVA SCOTIA FIRMS

Mr. PURDY:

1. What sums were paid to the following, from 1930 to 1936 inclusive, by the dominion government: (a) Nova Scotia Textiles Limited; (b) J. E. Mortimer; (c) Wilcox Brothers, all of Windsor, Nova Scotia, and (d) C. B. Smith, barrister, Halifax, Nova Scotia?
2. For what services in each case were these sums paid?

CIVIL SERVICE RETURNED SOLDIER PREFERENCE

Mr. POULIOT:

1. Does the preference extended by the Civil Service Act, section 29, to "all other persons who have been on active service overseas on the military forces or who have served on the high seas in a seagoing ship of war in the naval forces . . . of any of the allies of His Majesty, during the war," apply to those who have served, during the war, in the armies or navies: (a) of all the powers being described in the treaty of Versailles as the principal allied and associated powers, viz: the United States of America, the British Empire, France, Italy and Japan; (b) of all the powers constituting with the principal powers mentioned above the allied and associated powers, viz: Belgium, Bolivia, Brazil, China, Cuba, Ecuador, Greece, Guatemala, Haiti, The Hedjaz, Honduras, Liberia, Nicaragua, Panama, Peru, Poland, Portugal, Roumania, The Serb-Croat-Slovene State, Siam, Czecho-Slovakia, and Uruguay?
2. If not, what powers?
3. Was and is not preference also extended to those who have served, during the war, in the army and navy of Russia before the revolution?
4. If not, why?
5. What are: (a) the regulations; (b) the rulings, and (c) the practice of the civil service commission with regard to the preference mentioned in paragraphs 1, 2, and 3?
6. Do the persons mentioned in paragraphs 1, 2, and 3, enjoy the same preference in the civil service of Canada as the members of the Canadian expeditionary force?
7. Does the civil service commission keep any record of preferential appointments referred to in the first three paragraphs?
8. If so, what is it?
9. If not, why?

[Mr. Pouliot.]

ROYAL COMMISSIONS—PERSONNEL AND COST

Mr. TOLMIE:

1. Have the following commissions completed their investigations: (a) royal commission on the textile industry; (b) royal grain inquiry commission; (c) royal commission on anthracite coal?
2. How many months or days has each commission been at work?
3. When will final reports covering (a) and (b) be presented to the house?
4. What is the total cost of each commission to date?
5. What amounts (in detail) have been paid to chairman, commissioners, lawyers and witnesses, and court expenses to date on all three commissions?

Mr. RINFRET: Return tabled herewith.

COLONEL J. L. REGAN

Mr. BROOKS:

1. Was Colonel J. L. Regan employed by any department of the federal government during the past year?
2. If so, in what capacity, and what amount of money did he receive for his services?

NATIONAL RESEARCH COUNCIL—PERSONNEL

Mr. POULIOT:

1. Referring to the statement of the Acting Minister of Trade and Commerce at pages 2279 and 2280 of Hansard of March 24, 1937, was the late Mr. Dalglish, formerly employed at the National Research Council and a brother of Chas. Dalglish, clerk at the shop stores of the said council at $1,440 per annum, related or connected to Mrs. G. M. Sharpe, secretary to the president of the said council at $1,620 per annum.
2. If so, what is that relation or connection?
3. When was the said Mrs. G. M. Sharpe appointed secretary to the president of such council?
4. What is her age?
5. Is she a widow?
6. If not, what is the full name and address of her husband?
7. Does he hold a position?
8. If so, where?
9. Referring to the above statement, is C. Sharpe, her son, employed at such council at $720 per annum during the last fiscal year,

also the son of the man referred to in paragraph 6, or is he issued from a previous or ulterior marriage?

10. What is the full name of the said C. Sharpe's father?

11. Are Mrs. Sharpe's initials "G. M." her own or those of her husband, and, in the first case, why does she use them?

12. Is the said Mrs. G. M. Sharpe a sister of Mrs. G. A. Hoare, 439 Island Park, Driveway, or any other address in Ottawa?

13. If so, did she and does she hold a position in the civil service under that name or her maiden name, Miss Logan?

14. If so, what is it, where is it and what is her salary?

15. Is G. A. Hoare, husband of the said Mrs. G. A. Hoare, a brother-in-law of the said Mrs. Sharpe?

16. If so, did he or does he hold a position in the Department of Mines and Resources, or any other department?

17. If so, what is it, where is it, and what is his salary?

18. What is the total of the salaries paid during the last fiscal year to the said Charles Dalglish, Mrs. G. M. Sharpe, C. Sharpe, G. A. Hoare, and Mrs. G. A. Hoare or Miss Logan?

19. Was or is a Mrs. Logan, who lived or who lives at 439 Island Park, Driveway, employed at the char service in any department and where?

20. If so, was or is she related or connected to the said late Dalglish referred to in paragraphs 1 and 2, and to the said Mrs. G. M. Sharpe, C. Sharpe, G. A. Hoare, and Mrs. G. A. Hoare or Miss Logan?

21. If so, what is the relation or connection in each case?

22. What salary was paid to the said Mrs. Logan during the last fiscal year, and where did she live during that period?

DOCTORS IN PUBLIC SERVICE—NATIONAL RESEARCH COUNCIL PERSONNEL

Mr. POULIOT:

1. How many doctors are there: (a) in the pensions branch of the Department of Pensions and National Health; (b) in the national health branch of the said department?

2. How many medical doctors are there in each branch?

3. Are there any doctors at the National Research Council?

4. If so, what are their names, degrees (with the names of the university from which they were issued), dates of appointment, professions, duties or functions, and salaries?

5. Are there members of the personnel of such council who are not doctors?

6. If so: (a) how many and (b) how many of them have passed civil service examinations for the particular position that they hold now at such council?

7. Same question for doctors referred to in paragraphs 3 and 4.

8. What are: (a) the names; (b) the degrees (with the names of the university from which they were issued); (c) dates of appointment; (d) occupations, professions or trades; (e) professions, and (f) salaries of each person mentioned in paragraphs 5 and 6?

9. What is the total number of members of the personnel of the National Research Council?

10. How many of them have not passed civil service examinations for the particular position that they hold now?

BUSINESS OF THE HOUSE

SATURDAY SITTINGS

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

That when this house adjourns on Friday, the 9th instant, it do stand adjourned until Saturday, the 10th instant, at 11 o'clock, a.m., and that the order of business and procedure shall be the same as on Fridays.

Motion agreed to.

TIME FOR CONSIDERATION OF PUBLIC AND PRIVATE BILLS

On the orders of the day:

Mr. POULIOT: In case prorogation should take place on Saturday or Monday next, will there be any other time for private and public bills than the hour to-morrow night from eight to nine?

Right Hon. W. L. MACKENZIE KING (Prime Minister): On Saturday night from eight to nine o'clock. The proceedings will be the same on Saturday as on Friday.

Mr. BENNETT: But we do not sit on Saturday night.

Mr. LAPOINTE (Quebec East): Yes.

Mr. BENNETT: We never do.

EXPORT OF POWER

On the orders of the day:

Hon. W. D. EULER (Minister of Trade and Commerce): I desire to correct a slight inaccuracy in a statement I made last night during consideration of the estimates. I said that no applications had been received for licences for the export of power and that no new licences are being given. I find that an application for a renewal licence for a very small amount of power has been received from the Minnesota and Ontario Power Company and is now under consideration.

PALGRAVE, ONT., POSTMASTER

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I desire to direct an inquiry to the Postmaster General (Mr. Elliott). Information has come to me that the position of postmaster at Palgrave, Ontario, has recently been given to one who is not a returned soldier. Will the minister please inform the house of the number of returned soldiers who have made application for this position and what reasons exist in this instance for the selection of a postmaster without an overseas record?

Hon. J. C. ELLIOTT (Postmaster General): I would inform the hon. member, who was good enough to give me notice of this ques-

tion, that according to the regular practice a temporary appointment only has been made. The permanent appointment will be made in the usual way. I understand that some returned soldiers are applicants.

CORONATION OATH

On the orders of the day:

Mr. T. L. CHURCH (Broadview): To clear up a misunderstanding, may I ask the Prime Minister (Mr. Mackenzie King) a question arising out of his remarks yesterday with respect to the coronation oath. Have not the words "to maintain the reformed Protestant religion" been struck out of the oath in so far as the dominions—Ireland, Canada, Australia, New Zealand and the Union of South Africa—are concerned for the first time since 1689? Do those words not remain now only in the oath as to the United Kingdom? They applied to the dominions until now also.

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I say to my hon. friend that I do not think that the words he has cited have ever appeared in the oath, so they could not be stricken out. The words appear in the king's title, which is something quite different from the oath, and the king's title has been settled by legislation which was enacted, if I am not mistaken, in 1927. The words are not in the oath at all.

Mr. CHURCH: What I said this morning is correct. See page 1442 of Hansard, March 3, for what you then said.

Mr. SPEAKER: Order.

Mr. MACKENZIE KING: I am afraid I misunderstood my hon. friend. The words that I had in mind were, "defender of the faith." Those are the words which appear in the king's title. As to the reference to the Protestant faith, as I understand it that has relation only to the United Kingdom; it has never been held to apply to the dominions.

Mr. POULIOT: And the title "defender of the faith" was given by the Pope to Henry VIII because he was a good Roman Catholic at the time.

CANADIAN WHEAT BOARD

INQUIRY AS TO SUCCESSOR TO COMMISSIONER SHAW

On the orders of the day:

Mr. E. E. PERLEY (Qu'Appelle): I should like to ask the Minister of Trade and Commerce (Mr. Euler) when the government intend to fill the vacancy on the Canadian wheat board caused by the transference of Dean Shaw to Ottawa to a position in the Department of Agriculture; and whether, when doing so, they will give consideration to appointing a direct representative of the producers and giving the producers themselves some opportunity of making a suggestion.

Hon. W. D. EULER (Minister of Trade and Commerce): My hon. friend did not give me notice of the question which he has just asked, and I regret that at the moment I can not give him any reply. Perhaps I shall be able to do so to-morrow or the next day.

CANADA-GERMANY TRADE AGREEMENT

Hon. W. D. EULER (Minister of Trade and Commerce) moved the second reading of Bill No. 89, respecting a certain provisional trade agreement between Canada and Germany.

Right Hon. R. B. BENNETT (Leader of the Opposition): We will reserve any criticism we may desire to make until the bill goes into committee and will expedite its progress for the moment by letting it pass pro forma.

Mr. SAMUEL FACTOR (Spadina): Bill No. 89, now submitted for second reading, seeks approval of the provisional trade agreement between Canada and Germany. I desire to take the liberty of voicing a few reflections on the subject of this new trade agreement consummated between Canada and the German government, aiming at the facilitation of the exchange of commodities between the two countries.

I exceedingly regret that I cannot support a trade agreement with Germany, and I sincerely hope that hon. members will be tolerant enough to listen to my reasons, and understanding enough to appreciate the position I take. It may be that it is utterly futile to talk about a fait accompli. The agreement has been entered into; its provisions have been in effect since November 15 last. It may be that in discussing matters of trade and commerce, considerations of sentiment and human amenities must not be given play. It may be that in dealing with transactions that may spell profits to some of our citizens one is expected to shut one's eyes to the character of the source from which the hoped-for profits will flow. I fully realize that under present world conditions it is extremely difficult, almost impossible, for Canada to restrict her trade relations to countries that believe and practise our form of democratic government. Indeed, I am not advocating such a step. I readily concede that in negotiating trade agreements with other countries we cannot concern our-

selves with the forms of government prevailing in those countries. It is certainly not our business to dictate to Germany or to interfere with Germany's domestic legislation. That would be resented, just as we should resent any interference by Germany or any other country with the internal affairs of Canada.

I should like to distinguish, however, between forms of government in countries with which we are trading or entering into agreements—which is none of our business—and the actions of governments, particularly when those actions are offensive to human civilization. Since the establishment of the dictatorship in Germany thousands of human beings have suffered persecution and outrageous offences against civilization. Mediaeval barbarities have been perpetrated against hundreds of thousands of people, which have shocked the moral conscience of the world. So far as Germany is concerned, it is no longer a question of internal legislation. Mr. Speaker, there are laws that are broader than domestic German legislation, laws of humanity and of God which are the foundation of all other laws; and if in any legislation they are violated all civilized nations have a right to speak aloud in protest.

Under the circumstances I feel that I have a right as a Canadian to stand up in this house and utter my protest. Indeed, I believe it is my duty to thousands of my constituents who have been insulted and humiliated beyond words. May I add this observation. My decision this morning to speak on this subject was arrived at after a good deal of consideration and some hesitancy. I hated to impose on this house and provoke a discussion at this stage of the session. In fact, I do not think there is any need of a long discussion. I have no desire to stir up and fan racial and religious prejudices. I would be the last man to say or do anything which would in any way embarrass the government, especially in the delicate and difficult task it has to perform in international affairs. But, Mr. Speaker, the fanatical policy of the present administration in Germany compels me to speak, and if I failed or hesitated I should be lacking in self-respect, unworthy of the race to which I belong and what is more serious, unworthy of being a freedom-loving Canadian.

The German government has seen fit to heap calumny and abuse upon members of an historic race the world over. The German government has passed ghoulish ordinances in scores of German municipalities against the sale of milk to non-Aryan children and medicines to suffering human beings because of their religious profession. The German government has subjected thousands of Germans to frightful sufferings and has practised inhumanities against them because they believe in the ideals of government which are the very life-blood of this glorious democracy of ours.

These are facts. I am not exaggerating them. I am not taking newspaper reports. They are facts recounted in the devastating memorandum submitted to the secretary-general of the League of Nations, a memorandum submitted to the conscience of Christendom, by the Hon. James G. McDonald, former High Commissioner for German refugees. Mr. McDonald, as hon. members are aware, had been chosen by the League of Nations to investigate and deal with the problem of nazi persecution of Jewish and other liberals. He is, I need not mention, a forthright gentleman of Scottish extraction, as everyone knows who had occasion to meet him when he was in Canada a couple of years ago. I wish I had time to read the entire letter, but I will not impose upon the house. I will give only a few paragraphs, and I should like hon. members to listen carefully to them, because I am sure Mr. McDonald is not prejudiced one way or the other in this matter. This letter of resignation is dated December 27, 1935. I quote from page 1:

> In the period of over two years since the establishment of the office, conditions in Germany which create refugees have developed so catastrophically that a reconsideration by the League of Nations of the entire situation is essential. The legislation and administrative and party action against "non-Aryans" were steadily intensified, and culminated in the autumn of 1935 when a series of new laws and decrees initiated a fresh wave of repression and persecution of a character which was not envisaged in 1933.
>
> The intensified persecution in Germany threatens the pauperization or exile of hundreds of thousands of Germans—men, women and children—not only Jews but also the "non-Aryan" Christians treated as Jews, and Protestants and Catholics who in obedience to their faith and conscience dare to resist the absolute will of the national socialist state. Apart from all questions of principle and of religious persecution, one portentious fact confronts the community of states. More than half a million persons against whom no charge can be made except that they are not what the national socialists choose to regard as "Nordic" are being crushed. They cannot escape oppression by any act of their own free will, for what has been called "the membership of non-Aryan race" cannot be changed or kept in abeyance.
>
> Relentlessly the Jews and "non-Aryans" are excluded from all public offices, from the exercise of the liberal professions, and from any part in the cultural and intellectual life of Germany. Ostracized from social relations with "Aryans," they are subjected to every kind of humiliation. Neither sex nor age exempts them from discrimination. Even the Jewish and "non-Aryan" children do not escape cruel forms of segregation and persecution. In Party publications, directly sponsored by the government, "Aryan" children are stirred to hate the Jews

and the Christian "non-Aryans," to spy upon them and to attack them, and to incite their own parents to extirpate the Jews altogether.

I shall not take time to read more. I think hon. members are quite aware of the terrible conditions prevailing in Germany. I do want, however, to read the last paragraph of Mr. McDonald's letter:

I feel bound to conclude this letter on a personal note. Prior to my appointment as high commissioner for refugees coming from Germany, and in particular during the fourteen years following the war, I gave in my former office frequent and tangible proof of my concern that justice be done to the German people. But convinced as I am that desperate suffering in the countries adjacent to Germany, and an even more terrible human calamity within the German frontiers, are inevitable unless present tendencies in the Reich are checked or reversed, I cannot remain silent. I am convinced that it is the duty of the High Commissioner for German Refugees, in tendering his resignation, to express an opinion on the essential elements of the task with which the council of the league entrusted him. When domestic policies threaten the demoralization and exile of hundreds of thousands of human beings, considerations of diplomatic correctness must yield to those of common humanity. I should be recreant if I did not call attention to the actual situation, and plead that world opinion, acting through the league and its member states and other countries, move to avert the existing and impending tragedies.

If time permitted I should like to have read to the house an analysis of the measures passed by the German government against non-Aryans, from facts contained in Mr. McDonald's memorandum. However, here is the memorandum, a document thoroughly authentic which has caused hundreds of noble Canadian ministers of the gospel sleepless nights with its stark challenge to Christian sensitiveness. A group of Toronto leaders of the church who read the McDonald letter of resignation together with the annex and other information therein contained were horror-struck, and in their mood of pain, humiliation and indignation they caused a number of copies to be distributed among their fellows in Christian service, so that their feelings of shame and commiseration might be shared by others in whom the ideals of humanity are not yet dead.

If I had time I should like to have read the manifesto issued and signed by leading clergymen and laymen in the city of Toronto, protesting against conditions in Germany. However, here is this document, the most comprehensive and drastic indictment of a government of a nation ever presented at the bar of public opinion. Every intelligent Canadian should read it and inform himself of the outrages practised against people belonging to the race, not of Isaiah or Amos

or the chanter of the Psalms, but of the race of Siegfried and Goethe and Schiller, a people who have lived in that land for a thousand years or more and have helped to build up its commerce and its industry, who have contributed magnificently to its art and its literature and its science, who have shed their blood and given their lives in the great war. This document is a searing reproach to the languishing conscience of our civilized community.

If time permitted I should like to submit to this house the terrific arraignment of Nazi-ism contained in the statement issued by the German Evangelical Church—the German protestant church. There are still many courageous, noble people in Germany, many who are ready to risk their freedom and even their lives to give utterance to their thoughts. There are still Christians there who love their God and their religion more than worldly advantage. They look with dismay at the profanation of their sacred beliefs by rulers who place their secular chief above or on a parity with God. This booklet is the outcry of the leaders of the German Christian religion against the ravaging of their faith by the neo-paganism of the nazis. Every god-fearing and God-loving person who reads this booklet issued by the heads of the Evangelical church, the Protestant church of Germany, will be upset. It will cause them pain and grief, so that they may not be in the frame of mind to pay due heed to the question of barter with the destroyers of religion. I have not time to submit to the house the statement issued by His Holiness the Pope on the ungodly effort to destroy the Catholic church and everything that is holy and sacred to those who profess the Catholic religion. Just the other day hon. members read the press dispatch issued from Berlin which announced that the neo-pagan doctrines were given the official status of a religion by the nazi regime. The statement is an insult to the word "religion."

I hope, Mr. Speaker, that you and hon. members of the house will appreciate my feelings and the feelings of thousands of people, Jew and Christian alike, who recoil from contact with a government that burns books and maintains concentration camps and tortures people who believe in the right to think for themselves. I hope hon. members will understand and sympathize with the feelings of thousands of people baited and hounded by the present German administration, and who shrink from the touch of any commodities bearing the stamp of German nazi production. I should like to remind the house

that in Canada and other civilized parts of the world, particularly in the United States and England, there are countless people who refuse to purchase German nazi-made goods. Organized labour, the American Federation of Labour and the Trades and Labour Council of Canada, mindful of the havoc wrought by the nazi rulers to the great labour unions in Germany and the principles of trade unionism which they represent, are averse to buying goods made under conditions of totalitarian slavery. These two large bodies of organized labour stand on record by repeated commitments at their annual conventions as favouring the boycott of goods made in nazi Germany.

These are facts sir. I have made an analysis of the trade relations between Canada and Germany during recent years, and although time does not permit me to submit it to the house, there are many points in relation to which one could discuss the treaty on its merits. I merely want to say that I am forced to the conclusion that Germany will permit itself to buy as little as possible from Canada, will confine its purchases to such commodities as it stands in absolute need of, and from an interpretation based on indications discernible in statistics it seems clear that we stand to gain very little from the operation of the agreement, and that little perhaps at the sacrifice of trade with the United Kingdom. But that is not the purpose of my remarks this morning. If necessary I can go into that phase of the matter on some future occasion.

The other day, Mr. Speaker, the Minister of Justice (Mr. Lapointe) delivered a forceful, eloquent and masterly address in this house, which address I think should be placed in every Canadian home. I was never prouder of being a member of the Liberal party and a follower of the Prime Minister (Mr. Mackenzie King) and his government. The Minister of Justice spoke with great sincerity on the difficult problems facing the Canadian people to-day because of the subversive forces of communism and fascism which are attacking and endeavouring to undermine and destroy our democratic institutions. He spoke well of the way to fight both communism and fascism, not with swords or bullets, not with force or might, but with reason, charity, justice, and education. Yes, Mr. Speaker, conscience, human feelings, loyalty to traditional democracy; these considerations weigh heavily with legions of good Canadians who will not suffer themselves to be overborne by the appeal of the various isms. There are many people in Canada, and I say thank God for that, who think more of the ideals of right and justice than of appeals to passion and prejudice.

In connection with our trade relationships with other countries is it too much to expect that this parliament should attach more significance to these cultural values than to the bare, cold items of barter and profit? The other day the Globe and Mail of Toronto in an editorial comment said that I did not concern myself with the fact that this German pact was in the interests of Canada. Well, sir, supposing that is so; is that the only consideration? Supposing it is profitable to Canada to sell frozen eels, sausage casings, salmon caviar, ice hockey equipment and even wheat and other commodities; are profits and balance sheets the only considerations? What about the ideals of right and justice, of liberty and freedom; what of our conscience? I want to make this final appeal to the conscience of every member of this house, to my fellow Canadians, lovers of French chivalry and traditional British freedom. Do not disregard, do not stifle the challenge of Mr. James McDonald, of the German evangelical church, of the Catholic church, of the Jews, all of whom have been outraged by pagan nazi-ism. Do not stifle the challenge of humanity at bay that will persist in echoing in our ears until its destiny is once again redeemed.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Short title.

Mr. EULER: Mr. Chairman, probably consideration of this bill will be facilitated if I explain quite briefly—I hope—the purposes of the bill, and give reasons why the agreement with Germany was made and, perhaps incidentally, correct some of the misconceptions which apparently obtain in some quarters.

The essential feature of the bill is that Canada and Germany agree with each other to accord what is generally known as the most favoured nation tariff treatment. That means that Canada gives to Germany tariff rates as favourable as she gives to any other foreign country. It also means that Germany gives to Canada tariff rates as favourable as she gives to any other country, with some slight exceptions to which reference may be made later. Perhaps I should also direct attention to the fact, that when we accord to Germany most favoured nation treatment, provision is made that any preferences now given to Great Britain or any of the dominions are excepted from the operation of the agreement. Germany does not obtain those advantages.

Associated with the trade agreement proper is what is termed a payments agreement, which by the way does not require ratification by this house but the particulars of which have been printed in the Commercial Intelligence Journal; in fact the payments agreement was included in the documents which were tabled in the house last week. The vital and important factors in the payments agreement are twofold, and I should like the hon. member for Spadina (Mr. Factor) to take note of this, because he was apparently under some misapprehension with regard to them. The first feature is that Germany agrees and obligates herself to provide as much exchange, cash dollar exchange, for the purchase of Canadian goods, as Canada buys from Germany. The second feature of the payments agreement is that of the exchange so described, that is, the full amount of the sales to Canada by Germany, she agrees to provide exchange in certain definite proportions or percentages for the purchase of certain commodities which we are particularly desirous of selling to Germany, commodities for which Germany is peculiarly a market and which I can and perhaps will name later on. Those commodities comprise sixty-three per cent of the total exchange which Germany shall provide and which, as I said before, must be equal to the full one hundred per cent of all the imports we receive from that country.

Mr. HEAPS: Does the minister think it is always possible to have an exact balance between the two countries?

Mr. EULER: No, and under this agreement it is not necessary; it does not become compulsory at all. There is a misconception with regard to that, and I will come to that later.

Mr. LAWSON: Would the minister state what commodities are to comprise that sixty-three per cent?

Mr. EULER: I can name them if it is desired; they have been printed.

Mr. LAWSON: I did not get the significance of the statement.

Mr. EULER: I may as well take them up now, I suppose. These commodities comprise sixty-three per cent of the total for which Germany agrees to provide exchange in certain proportions. We will take one hundred per cent as the total, and these particularly named commodities comprise sixty-three per cent of the total.

Wheat comprises 35 per cent. That is more than half of all the designated commodities. We thought at the time that wheat was a commodity for which we should make substantial provision. Fortunately since the agreement was made and since negotiations were carried on in Berlin the wheat situation has been altered so materially and so favourably that at this time it is perhaps not so important as it was at that time, but the need may arise again.

Mr. STIRLING: Does that mean 35 per cent of Germany's total purchases from Canada?

Mr. EULER: Yes; for 35 per cent of Germany's total purchases she must provide exchange for the purchase of wheat. It is not so large as we would like to have it, but it does not place a limitation upon what Germany may buy. She probably will buy more than 35 per cent, but she is obligated to provide an exchange to the full extent of 35 per cent. The complete list is as follows:

Commodity	Percentage
Wheat	35·0
Apples, fresh	5·0
Apples, dried	0·6
Cheese	0·2
Honey	0·2
Sausage casings:	
Beef casings	0·5
(of which not more than one-third to be beef middles.)	
Hog casings	0·25
Seeds	2·5
Salmon, salted	1·25
Salmon, frozen	0·25
Salmon caviar	0·15
Eels, frozen	0·5
Lobsters, canned	0·2
Fishmeal	1·4
Fish oil	2·0
Black and silver fox skins, undressed	1·5
Lumber, sawn	2·0
Pegwood	0·2
Wood pulp	1·0
Asbestos	8·0
Parts of agricultural machines	0·2
Ice hockey equipment (skates with and without boots, sticks, etc.)	0·2

While I am on this schedule possibly I should explain what is meant by the final column in which certain maxima are presented. For example, opposite the item of fresh apples there is a maximum of $600,000. That means that Germany obligates herself to provide exchange for at least $600,000 worth of Canadian apples, provided that the 5 per cent of her total sales to us is as high as $600,000. For example, let us say our total purchases from Germany are $12,000,000. Five per cent of that $12,000,000 must be allocated to the purchase of Canadian apples. I have taken that figure, because the five per cent comes exactly to $600,000. If her sales to Canada are $12,000,000 she must allocate exchange to the extent of $600,000 for the purchase of apples. She is not obliged to buy any more than $600,000 worth, because that maximum is fixed. How-

ever she has not declared any intention that in any of these cases she will not exceed the maximum purchases of any of the commodities named, and there is nothing to prevent her from exceeding them. We will suppose the Canadian imports of German goods amount to more than $12,000,000. Then the five per cent which is specified would be more than the $600,000. She is not obliged to provide exchange for more than $600,000 worth, but the excess which would be indicated by the increased imports must then be allocated to the purchase of other commodities.

Mr. HEAPS: Suppose Germany buys a good deal more than she has in the past, are we on the other hand compelled to buy from her?

Mr. EULER: No, not at all. There is no obligation on our part in that respect whatsoever. But because of the fact that we give her the most favoured nation treatment there is the obligation on the part of Germany to allocate exchange in at least these proportions and for at least these amounts according to the full one hundred per cent of our import from that country. If I have not made the situation clear possibly further questions will be asked.

Sixty-three per cent is allocated to these particular commodities. I believe there is a list of about twenty-one of them. The list was selected on this basis: Canada is particularly desirous of selling to Germany those goods for which Germany is peculiarly a market. I might name some of them. For example, there is mild cured salmon, eels, pegwood, dried apples, fish meal, and commodities of that sort. Then, we were particularly desirous of having Germany buy some of our products which they were not particularly anxious to buy. It is generally known that Germany desires to obtain raw materials, of which she says she is in desperate need. That was one of the points with which we had to contend, and one of the reasons why we insisted that she obligate herself to an appropriate exchange not only for the things she wants to buy, such as metals and minerals, but for the things which we are anxious to sell, including wheat and other commodities.

Our purpose in concluding these agreements with Germany was a desire to arrest the serious decline in our exports to that country, and to expand our sales in what was formerly a valuable market. May I point out that the decline has been exceedingly great and, because of certain restrictions the German government was imposing on German importers of Canadian goods, our sales were receding almost to the vanishing point. In 1929, in the period of so-called prosperity, Canada sold $72,000,000 worth of goods to Germany. I am giving the German figures because they happen to be more accurate than our own. Many of our exports instead of going directly to Germany reached that country through Great Britain, Antwerp or Rotterdam. So that the German figures, show that we exported in 1929 to that country $72,000,000 worth of goods.

Happily, I believe we will all agree, there has been a great increase in the last year or two in the exports of Canada. The trend is still upwards, and our exports are now well over a billion dollars. That increase however was not reflected in our sales to Germany. Rather there was a decrease, and a very heavy one. While in 1929 we exported to Germany $72,000,000 worth of goods, in 1935 exports to that country had shrunk to less than $5,000,000. In 1929 our imports from Germany were valued at $22,000,000, indicating that in that year we had a favourable trade balance of $50,000,000 which I believe is regarded by those who think that trade balances are of great importance as something that is very desirable. In all instances I have used round figures. Yet, as I have indicated, our exports declined to a point less than $5,000,000. On the other hand our imports did not decline in the same ratio. Whereas our imports in 1929 were valued at about $22,000,000, by 1935 they had declined only to about $10,000,000. So that in 1935 instead of our having a favourable trade balance of $50,000,000 with Germany, we had actually reached the point where our trade balance in that year was two to one in favour of Germany.

Mr. LAWSON: Germany was then paying the general tariff rate.

Mr. EULER: This agreement replaces the more or less loose agreement which was brought into operation—

Mr. BENNETT: No; we exchanged the intermediate tariff.

Mr. EULER: Canada was supposed to be getting the benefit of the most favoured nation treatment from Germany, whereas we gave her the intermediate tariff, which at that time was practically the same thing. As compared with 1929 our exports were down ninety per cent while our imports were down only in the neighbourhood of fifty-five per cent. There were reasons other than the depression for this reduction. All business with Germany was being subjected to such severe restrictions that it was becoming impossible to do business. As I have said, our business relations with Germany were threatened almost with extinction so far as exports were concerned. Apparently she was giving us what we called most favoured nation treat-

ment, but the benefits of the most favoured nation arrangement were nullified by the introduction, I think about 1931, of a system of exchange control. As hon. members of the committee know, this simply meant that Germany would allow money to be sent to other countries from which she bought only as permits were granted according to the decisions of the various trade control boards which they had set up in connection with various commodities. By 1935 it became impossible for German importers to buy Canadian goods, even if they desired, as many of them did, to import Canadian merchandise because the German government would not make provision for payment therefor.

As I say, permission was withheld from the German importers to purchase goods because no exchange was provided for them. In the first quarter of 1934 Germany's imports of Canadian goods were nearly two per cent of her total imports, but because of these restrictions the proportion dropped to about one-quarter of one per cent. I am going on to show that Canadian exports to Germany decreased to a much greater degree than the exports of other countries to Germany.

Mr. HEAPS: Did not the fact that payments were not being made have something to do with that?

Mr. EULER: The principal reason was that other countries had made payment agreements with Germany, just as we are now seeking to do.

Mr. HEAPS: Were those lived up to?

Mr. EULER: I do not know anything of Germany's internal trade relations with other countries, but I believe they were. The German importer could obtain only a small amount of cash dollar exchange which was used largely for the purchase of raw materials instead of commodities which we were particularly desirous of selling. This being so, barter was also resorted to. Then the German government instituted such restrictions that barter trade became almost impossible. While at first the German importer was permitted to barter on the basis of one for one, in 1935 Canada had to accept three dollars' worth of German goods for every dollar's worth of many commodities that she sold to Germany. I think hon. members will realize that we were rapidly getting into an almost impossible position.

I might refer briefly to wheat. Some years ago we sold as much as 40,000,000 bushels of wheat in a year. Germany then began a campaign of increasing production, which met with considerable success, but in 1934 she still imported 23,000,000 bushels, of which Canada supplied nearly 16,000,000 bushels. Just one year later, in 1935, all she took from us was a paltry 316,000 bushels.

Mr. BENNETT: What were her total importations from the world? Was she then supplying her own wheat?

Mr. EULER: In 1934 she imported 23,000,000 bushels.

Mr. BENNETT: But in the latter year?

Mr. EULER: In 1935 she still imported 5,838,000 bushels of which we supplied only 316,000 bushels. Our ratio decreased greatly as compared with the imports from other countries. While she was importing only one-quarter of what she had imported before, our proportion decreased to one-fiftieth.

As I said before, Germany largely confined her cash purchases to raw materials and other things that she could not obtain by barter. For these reasons, negotiations were opened last summer with the German representatives in Berlin. The Canadian delegation was composed of Mr. Wilgress, the director of the commercial intelligence service, and myself. I hope I do not embarrass him when I say, in his presence that his services were almost invaluable because of his intimate knowledge of all the details of the business we carry on with other countries. We proposed that each country should give to the other most favoured nation treatment and that a payments agreement should be arranged under which Germany agreed to provide at least as much cash exchange as the value of the goods Canada buys from Germany. That proposal was accepted in principle almost immediately, but the German government still desired to confine their purchases as much as possible to raw materials. We pointed out to them that there were certain raw materials she was almost bound to purchase from us and that in connection with others we had no difficulty in finding markets in other parts of the world. We stated that we did have commodities which were specially adapted to the German market, and we desired that provision be made for the sale by Canada of these commodities. Particular reference was made to wheat and other commodities which I have mentioned. There was a lengthy discussion with regard to this, but finally the schedule was drawn up as I read it and which will appear on Hansard.

I repeat that this schedule does not preclude Germany from buying in excess of the percentages or amounts which she has agreed to buy. If she desires to buy apples to the

extent of a million dollars, she may do so, but she must allocate in these percentages to the commodities as stated there the full amount, according to the sales which she makes to Canada.

Mr. HEAPS: Are we not compelled to buy an equivalent amount from Germany?

Mr. EULER: We need not buy anything if we do not want to. Perhaps this will answer the hon. member for Spadina. Those who do not wish to buy German goods are under no necessity to do so because of this agreement.

Mr. BENNETT: If we do, the exchange has to be dealt with through a clearing house.

Mr. EULER: There might be another method, but that can be discussed later. It is quite possible that there will be an adjustment of these percentages. They are frankly experimental. Provision is made for an examination of the operation of the agreement every six months, and it may be found to the mutual advantage of the two countries to make some changes in the percentages as they are outlined here. In the meantime I want again to make it perfectly plain, because I know there is a misconception, that Germany binds herself to provide exchange for at least as much as we buy from her, and there is no limitation as to what she may buy from us.

Mr. HEAPS: Suppose we do not buy anything from Germany, does she then buy anything from us?

Mr. EULER: She is not bound to. There is nothing to prevent her. I should like to point out to my hon. friend that this agreement represents an improvement at least on the previous situation. She has had free access to our markets under the intermediate tariff. She could and she did apply these restrictions by way of exchange control, and restrictions even in the matter of barter, which established a balance in her favour of two to one. At least we get rid of that situation. We shall have provided in the matter of exchange an amount equal to the amount that we buy from her. There is nothing to prevent her from buying more, but if we buy more, for instance if we buy to the value of $20,000,000 from her, she must provide exchange for at least $20,000,000, and she may go in excess of that as far as she pleases.

There may be some criticism regarding the items which have been included in this schedule. Some Canadian producers may feel that their commodities should have been included. My answer to them is that we felt that these are the commodities which Canada is particularly desirous of exporting—wheat, for instance, and some other natural products for which Germany provides an exceptional market. But there is nothing to prevent a Canadian producer whose commodity is not listed in this schedule from selling his product to Germany, because out of the 100 per cent exchange which she must provide, 37 per cent is perfectly free, and Germany can buy, to the extent of 37 per cent out of the 100, whatever she pleases. It is up to the Canadian manufacturer or producer to make his sales to Germany. That country is under no restriction; in her purchases from Canada she can go, of course, even beyond the 100 per cent of what she sells to us. This statement may be repetition, but I want to impress upon the committee that as our imports increase, if they do, Germany must provide the full 100 per cent of exchange for the purchase of Canadian goods.

Probably it is too early for me to pass a considered or even an intelligent opinion as to the working out of the agreement, for it has been in force only since November 15. Some defects may be found, and provision is made for their correction. It is interesting however to note that for the first time in two years the balance of trade is in favour of Canada. For the three months, December, January and February, exports have amounted to $3,030,000 and imports to $2,485,000.

Mr. HEAPS: Of what did the major portion of those exports consist?

Mr. EULER: There was some increase in their purchases of wheat. This represents a sharp reversal in the balance of trade; in fact our exports in December to Germany were nearly twice what they had been in the corresponding month of the previous year.

Mr. HEAPS: Was not wheat the main item of export last December?

Mr. EULER: A million dollars in the three months.

Mr. BENNETT: Yes. Germany reduced the duty to 11 cents a bushel as against 93 cents, because of the poor harvest in that country.

Mr. EULER: I am not going to claim at the moment any special merit for the agreement—it has not been in force long enough—but the fact remains that for the last three months we have had a favourable balance of trade.

I am not sure whether I should deal so fully with the payments agreement, but it is so definitely associated with the whole proposal that I think I should discuss it.

Mr. BENNETT: I think the minister should.

Mr. EULER: As I said, it does not require ratification by parliament. The granting of most favoured nation treatment does.

Mr. BENNETT: Of course the minister knows that the late government was not prepared to establish clearing agreements, as a matter of policy.

Mr. EULER: This is not a clearing agreement, it is a payments agreement. There is quite a difference.

Mr. BENNETT: Records must be kept, and it operates in the same way as a clearing house agreement.

Mr. EULER: Perhaps I should go into that a little further. One of the reasons why our exports to Germany fell so disastrously was that Germany and other countries, including Great Britain and South Africa, were making similar payments agreements, with the result, I suppose, that those other countries insisted that Germany should buy certain commodities from them; and in order to trade with those countries she just subtracted her imports from Canada. We desire to be put on somewhat the same basis in regard to Germany as are other exporting countries, and we are now, I think, on much the same basis, at least to the extent of equality.

The payments agreement provides that by the fifteenth of each month Germany shall provide foreign exchange to the extent of our purchases of the previous month but one.

Mr. BENNETT: Has she done so?

Mr. EULER: I rather expected that question. I must admit there has been a little delay, and upon my return I made inquiries. I have a letter, which I can place on the records if it is desired, from the acting German consul in which he admits that there was some delay.

Mr. BENNETT: No, but the actual fact is, she has established the exchange called for by the agreement?

Mr. EULER: Yes.

Mr. BENNETT: She has?

Mr. EULER: Yes.

Mr. BENNETT: That is all that is necessary.

Mr. EULER: I am assured by the German authorities that there will be no further delay in providing these returns. In fact they go as far as to say—which they are not called upon to do—that besides notifying the government of Canada of the amount of exchange that is available they are communicating that information direct to our trade commissioners in that country and are thus facilitating business which may be done by Canadian exporters.

Mr. BENNETT: If I follow the minister correctly, suppose I buy to-day from a German manufacturer an invoice of goods for $10,000; instead of that money being sent back to Germany at once, there must be provided for me $10,000 that is to be utilized in the purchasing of products of some kind, 37 per cent being free and 63 per cent being within the class named. Is that a correct statement of it?

Mr. EULER: I am afraid my explanation was not very clear. If my right hon. friend purchases $10,000 worth of German goods, that money of course is remitted to Germany. That is reported finally to the German Reichsbank, and in respect of that amount, as well as other amounts that have been sent on account of sales to Germany, exchange is provided in the proportions which I have mentioned.

Mr. BENNETT: Yes, but there must be provided the aggregate of exchange for the aggregate purchases from Germany.

Mr. EULER: Quite so.

Mr. BENNETT: If during the month the total purchases are $100,000 there must be available on the fifteenth of next month $100,000 of Canadian money with which to pay for Canadian products?

Mr. EULER: Yes, but my right hon. friend, or whoever may be the Canadian exporter, if he be careful, will make certain that exchange is provided for the sales of goods he makes.

Mr. BENNETT: Quite; and the minister says there is no clearing house. If there were a clearing house the record would be here and it would be available. As it is now we have to take our chances on its being made available. That is the whole point. As the minister has said, there has been a delay, and we have no reason to believe that there will be any delay in the future, because they have now provided the exchange called for by the agreement during the two months that it has been in operation. The fifteenth day of the months of December, January, February and March will be the four relevant dates on which the exchange will be provided. A clearing house would have made it clear beyond peradventure that the amount of purchases thus made from Germany would be convertible into a fund available to pay

for Canadian goods. As it stands now the obligation of the German Reichsbank is to provide us with exchange for the sum total of our purchases from them during the preceding month, and it is not provided that there shall be any control in any sense over the exchange that arises from the sale of German goods to Canada. The remitting of it goes straight to Germany and we have to depend upon their ability to provide exchange to meet the obligation called for in the agreement. That has already resulted in some delay, which is now remedied. My point is that there is no assurance that Canadian purchases from Germany under the clearing agreement—to which I think there are certainly great objections—will be convertible through a clearing house agreement to pay for the goods which Germany buys from us. But there is a further limitation; sixty-three per cent of it is earmarked, of which thirty-five per cent shall be for wheat, twenty-eight per cent being for the other commodities mentioned; while thirty-seven per cent may be utilized in any way that may be thought desirable by the traders in the two countries. That is the story as I understand it. I want the minister to correct me if I am under a misapprehension.

Mr. EULER: I gather from my right hon. friend's remarks either that he has a doubt as to the ability of Germany to provide the exchange which the agreement calls for or that he doubts her good faith in the matter. One of the two must be assumed.

Mr. BENNETT: The question of good faith you can leave out.

Mr. EULER: Perhaps I am attributing to the right hon. gentleman something that I should not, but that is the only inference that I can draw from his observations. I have no reasonable doubt about Germany's ability in the matter, but if she does fail for any reason whatsoever we have some protection to which I shall refer later.

Mr. BENNETT: The agreement apparently contemplates that possibility.

Mr. EULER: Despite the opinions that some people hold regarding the good faith of Germany—

Mr. BENNETT: I was not discussing the question of good faith.

Mr. EULER: —I have every reason to believe that she is acting in good faith and will continue to do so under this agreement. But if she does not there is provided what is known as an escape clause, with which my right hon. friend is familiar. Under that clause, if for any reason whatever we find that the agreement is not satisfactory, if the agreement is not working to our advantage, or if Germany finds that it is not in her interests, then either country can make representations to the other, and if, after four weeks, the matter is not adjusted to the satisfaction of the complainant, then another six weeks' notice will terminate the agreement. That is the escape clause.

Mr. STIRLING: How does the Canadian exporter ascertain, particularly when the end of the quota is approaching, how much credit there is to him?

Mr. EULER: His customer in Germany will know. His German customer will have to make provision for payment of the goods and he can get it at the Reichsbank.

Mr. STIRLING: Take Nova Scotia apples in Germany, for instance.

Mr. EULER: There is an agreement between the importer in Germany and the Canadian exporter, and the importer before making a contract will assure himself that the exchange will be provided for him. As regards apples, it is too early to judge of the success or otherwise of the agreement, but since it has been in force the apple growers, chiefly those in Nova Scotia, have sold to Germany $277,000 worth.

Mr. STIRLING: Nova Scotia only.

Mr. EULER: And it has been described as a godsend to the apple producers.

I wish now to refer to something else, which is outlined in a letter that was among the documents I tabled last week. In our conversations with the German representatives, both in Berlin and in Ottawa, the German representatives maintained that the computation for duty purposes of exchange value of the reichsmark at the current rate of forty cents, as compared with the par value of nearly twenty-four cents, places an unfair and almost impossible handicap upon the sale of German goods. He contended that Germany had been able to compete abroad only through the device of the blocked mark. Those who have visited Germany in the last year or two know that in London you can purchase German marks at a considerable discount and take them to Germany, exchanging your certificate for marks worth their full value over there.

Mr. BENNETT: There is a limitation.

Mr. EULER: These are registered marks. There are, of course, marks of different kinds—the blocked mark, the aski mark, and the

registered mark. The German representative contended that Germany had been able to compete abroad only through the device of blocked marks, which enabled importers to secure German exchange at rates below the current rate officially quoted for the reichsmark. The use of these cheaper forms, however, for the sale of German goods to Canada is henceforth precluded by the provisions of article VII of the agreement, and I think it is well that it should be so. It is a most inconvenient and unbusinesslike way of paying for goods. It is urged—and I should like the committee to listen to this, because the point will probably be discussed—that some lower rate than the current exchange rate should be used for computing the value of German goods imported into Canada. In other words, we were asked to recognize that the current exchange value of the reichsmark, forty cents, is an arbitrary one which does not represent the true value of German currency in international trading transactions. We made no binding commitment on this point but we did agree, and it is so stated in the letter signed by myself which is among the documents tabled the other day, that parliament would be invited to amend the law to empower the Canadian government to adjust the rate of exchange, for duty purposes, of appreciated currencies. Perhaps it is not right to call the German currency appreciated; it is appreciated in relation to ours, which is really depreciated.

Mr. HEAPS: Would the minister apply the same principle to all countries?

Mr. EULER: As a matter of fact, when the discussion took place in Berlin, this matter affected not only Germany but other countries that had a relatively appreciated rate of exchange, such as Switzerland, Holland, Italy, and, I believe, Belgium, Switzerland and Holland particularly brought to our attention the fact that because of the higher valuation of their currencies it was difficult for them to do export business.

Mr. BENNETT: Had they gone off the gold standard then?

Mr. EULER: They were still on the gold standard, but that difficulty was pointed out. In fact in Switzerland the Swiss representative informed me they had actually lost in one year $60,000,000 worth of sales to Great Britain because of the high value of their franc.

Mr. BENNETT: And the substitution of barter for ordinary trade.

[Mr. Euler.]

Mr. HEAPS: If you are going to put the duties down on goods from countries with appreciated currencies, what is going to happen to countries with depreciated currencies?

Mr. EULER: As we have provision in the customs tariff for adjusting the currencies of countries which are depreciated, perhaps it is not illogical to give the same power in regard to currencies which are relatively appreciated. At any rate we agree to present to parliament legislation giving the government power to do that. We further agree that, this having been done, if and when Germany, as doubtless she will, makes representations requesting that we fix a lower rate than the 40 cent rate which now obtains on the mark, we will give it prompt consideration.

Mr. BENNETT: That is the international mark, the gold mark?

Mr. EULER: Yes, the gold mark.

Mr. BENNETT: With par value of 25 cents.

Mr. EULER: Twenty-four cents, which in our currency now is supposed to be worth 40 cents. I would however point out that while we agreed to take the power, the government still retains the right to use its judgment according to the terms of the undertaking. I assure the committee that the government of Canada retains complete control over the matter and that no action will be taken unless Germany can prove to our satisfaction that she has a just case. Then finally if any producers in Canada, manufacturers or others, have any fears with regard to the matter I might point out two things. We on this side stated during the last election campaign—I know I stated it, the leader of the government stated it—that it would not be the intention of this government to injure any legitimate Canadian industry. Further, if we find that the agreement is not working out to our satisfaction and if we cannot get an adjustment with Germany in regard to it, we have the power within a minimum period of ten weeks to cancel the agreement in its entirety.

In conclusion I say quite frankly that the agreement we propose is more or less experimental. It is designed to facilitate the extension of Canadian trade in wheat and the commodities which we have to sell, in a market which in past years was extremely valuable to us. I believe that this agreement does offer a reasonable means for expansion of Canadian exports, and further is in accord with the belief of this

government—and I think it is shared by most other countries of the civilized world, although they are not carrying it into practice—that a freer exchange of commodities between the nations of the world would be a greater guarantee of peace than all the great armaments with which the nations are equipping themselves.

Mr. CAHAN: Did the minister during his investigation in Germany make an inquiry as to different kinds and values of marks in Germany? During the last year I certainly came in contact with four, and possibly five, different kinds of marks of different values. It is well that the commercial community should be advised as to the sort of marks they are dealing with when they discuss the sale of goods to Germany or the purchase of goods from Germany.

Mr. EULER: When goods are sold to Germany the German customers remit in cash dollars according to the invoice of the Canadian exporter.

Mr. CAHAN: Canadian dollars?

Mr. EULER: Canadian dollars.

Mr. CAHAN: And when we purchase from Germany what must we remit?

Mr. EULER: That is why we are asking authority to fix the rate. I do not know that this is the time to discuss it; a resolution is now on the order paper which anticipates a bill of which the Minister of National Revenue is in charge. The question which my hon. friend has raised I assure him is a very difficult one.

Mr. CAHAN: That is why we should be advised.

Mr. EULER: I do not know whether my hon. friend is asking me now as to what rate we are going to put on the German mark. When this legislation goes through it empowers us to fix a rate. I do not know what that rate will be, what the change will be, what the reduction will be or whether there will be any reduction, but I can assure him that the German government must make its case before we shall consent to the fixing of a rate less than 40 cents. The government is asking for the power, and it will have to take the responsibility for whatever action it takes, if any, when the time comes.

Mr. CAHAN: All I was asking the minister was whether he was prepared to outline the problem so that parliament and the public may be advised.

Mr. EULER: I am not sure that I can offer the committee anything valuable on that. My hon. friend asked as to the various kinds of marks that obtain in Germany. I have here a memorandum which discusses blocked or registered marks, and aski marks as they are called, barter or compensation marks, and so on. I doubt very much whether it would be of any great value to the committee to have it read. But I think payment for most of the sales to Germany has been made by buying registered marks from the United States banks to Germany, which they have sold to Canada at a discount of, I think, 25 per cent. It is a difficult and complicated problem, and I question very much whether at the moment I can add anything of value to the discussion. The Minister of National Revenue will no doubt do so, because it will fall within his department, and I am sure there will be no change made that we think would be deterimental to the interests of Canada or unfair to Canadian producers.

Mr. CAHAN: Quite so, but the whole administration of the customs might be left to the government—

Mr. EULER: That is done, isn't it?

Mr. CAHAN: —relying on their good faith that they will not do anything that is likely to injure Canada. But I was inquiring a little more closely. Perhaps at another time—I do not suggest that it be done now—either the Minister of Trade and Commerce or the Minister of National Revenue will find it expedient to make a full explanation to the house in regard to the problem.

Mr. BENNETT: Dealing with international marks, Germany buys from Canada a certain quantity of goods and we buy from Germany a certain quantity. If I owe them 10,000 marks, and if for duty purposes there is one value and for the purpose of payment another, obviously we are giving them an advantage that we have to think about very carefully.

Mr. EULER: But that will be reflected in the price the German asks.

Mr. BENNETT: We have already indicated that there are several kinds of marks. The mark that has a value of 40 cents is the old mark, which was the equivalent of the French franc, the Belgian franc and other currencies of the continent. It was a gold mark, and it now sells in Canada for 40 cents. Therefore if I buy a bill of German goods for 1,000 marks I have to remit 1,000 marks. I go to my banker and ask for exchange on Berlin for

1,000 marks. He may be able to get it for me for 40 cents; if he gets another kind of mark he may be able to get it for very much less.

Mr. ILSLEY: That is the only kind you will buy.

Mr. BENNETT: The stipulation by the seller, then, is that it must be an international gold mark, which means a 40 cent mark. In dealing with depreciated currencies we have said that the market value, for example in the case of Japan, is to be determined by the average value of the yen over a period of three years.

Mr. ILSLEY: Five years.

Mr. BENNETT: Quite so, over a period of five years. With respect to the mark it is now assumed that we are to enact legislation that will place on it a value that is not in keeping with the value for market purposes among the financial institutions of the world. That is an entirely different thing, because on an average of five years or three years or whatever it may be the price has remained fairly constant, because it is a gold mark.

But there is another side, it seems to me, that must be considered; that is, what will be the effect upon our Canadian industries and the Canadian economic structure? That is a matter which I think will have to be given some consideration. It will be recalled by the minister that we issued a proclamation placing a certain value upon the currencies of the various nations of the world, known as the par value. The pound was fixed at $4.86\frac{2}{3}$; the United States dollar at $1; the yen at 49·865 cents and so on. The par value of the gold mark is 24·666 cents; we generally speak of it as a quarter, as on a par with the French gold franc. These are the par values, and any departure from par value may be by depreciation or appreciation. We have dealt with depreciation by our statutes. We now propose to deal with appreciation, but the rules governing with respect to depreciation involve the dumping duty. The rules governing with respect to appreciation would leave in the hands of the executive an arbitrary power to fix a lesser rate for duty, because the amount of the invoice thus would become lessened and therefore less duty would be payable than would be payable in terms of the present commercial value of that currency. In the second place it would involve the purchaser still making payment in the terms of the invoice, unless it was a bogus invoice, but when he goes to purchase the number of marks required for duty purposes he is going to pay on an entirely different basis. That does seem to me to be wrong. I see what the government is trying to do, but I must say I do not think this is a very good method.

Mr. EULER: It is frankly experimental; it may not work out as we would hope.

Mr. BENNETT: So far as the general principle is concerned, three years ago, in 1934-35, I said in this house that my mind was definitely opposed to what are called clearing agreements. They are the negation of international trade, because they involve balanced trade. As I said then, I heard a French economist make a very able presentation of the case, but if you make universal application of that principle you destroy the whole theory of international trade.

Mr. EULER: I quite agree.

Mr. BENNETT: That being so, by this agreement we are now endeavouring to balance imports and exports. I realize the weight of the circumstance to which the minister has pointed, namely the lessening of the purchases from this country by Germany. The arrangement whereby Germany agrees to purchase from us to the full extent that we purchase from her has undoubted advantages. No one would deny that for a moment, but on the other hand the application of the most favoured nation treatment to German imports plus the proposals with respect to currency I think will create a condition that will induce the minister to realize that the experiment is not to bring those advantages of balance that he contemplates. I only hope his expectations are realized, but certainly applying the logic of events to the situation, this arrangement cannot be beneficial to this country in the long run though there may be temporary benefits. Under the circumstances I think the provisions the government have made for escape are as reasonable as could be expected. That is, provision is made for practical termination of the agreement within a period of about ten weeks. But it will be observed that the agreement is to end in November, 1937.

Mr. EULER: It continues after that until notice is given.

Mr. BENNETT: Quite so, but apparently the minister did treat this purely as an experiment, because he has provided for the termination of the agreement on November 14, 1937, subject to the provisions of article V, under which a speedier termination may be brought about if events so warrant. On the other hand the agreement shall continue in force until two months from the date when either

party shall give notice. So in the true sense of the word it may be said to be experimental.

The situation can be summarized, I think, in this way: prior to the agreement being made there was an arrangement between Germany and Canada whereby we gave Germany the benefits of our intermediate tariff and Germany gave us her minimum tariff.

Mr. EULER: No, I think Germany gave us her most favoured nation treatment and we gave her our intermediate tariff.

Mr. BENNETT: That is what I describe as the most favoured nation treatment. It was a long process to get Germany that far, as the minister knows. The only case in which Canada ever took reprisal action against any country was when the late Mr. Robb found it necessary to take action he did take against Germany because of that country's treatment of our imports; that was so until we availed ourselves of exactly the same provisions of the law with regard to Japan. From that time on there were certain difficulties in connection with our trade with Germany, but finally the late government made an agreement whereby we accorded Germany the benefits of our intermediate tariff only and they gave us most favoured nation treatment. At that time the duty against wheat was $3.63 a bushel. It was subsequently reduced to 93 cents, which was the rate per bushel that prevailed when we made the agreement with Germany. Since then it has been reduced to 11 cents per bushel because of the shortage of foodstuffs in Germany, and speaking subject to correction I believe it stands at that figure to-day. So this may be beneficial at a time when there is a shortage of wheat and when Germany finds difficulty in supplying the food requirements of the people; I think it will be, because their purchases of wheat from us in December, 1936, amounted to about $1,000,000. To that extent I think it may be said to be advantageous.

I am not going to repeat what I said a moment ago as to whether or not Germany is in a position to maintain the supply of exchange called for by the agreement, without any provision being made for the lodging of that exchange in this country, as is done under the clearing agreements that are in operation in Europe. I certainly was not reflecting in any sense upon Germany, for I think more perhaps than any other country Germany is anxious to create confidence among the peoples of the world in her good faith in negotiating agreements. But I had reference to her ability to do so, having regard to the obligations contracted with respect to other countries, where she maintains barter arrangements, as the minister must know as well as I do. Barter arrangements do not all contemplate provisions with respect to clearing agreements, although most of them are predicated upon that. So with respect to barter with some of the Balkan countries and some others there is a leeway provided as against absolute balance.

This contemplates a balance, without ensuring in any sense that the money derived in the form of exchange shall be available in payment for Canadian goods. There is no assurance that it will actually be available; only the assurance that they will make it available, but not available out of purchases made by Germany, and to that extent therefore we are dependent upon her ability to provide for it. A seller of Canadian goods may make a most extensive inquiry, but he has no assurance other than the report made on the fifteenth day of the preceding month as to what his real position is.

I cannot bring myself to believe that these clearing arrangements are in the interests of world peace, if international trade means world peace. But they are a part of the financial and economic machinery of many European countries at the present time. Even Great Britain was compelled to utilize them in part in connection with certain trade carried on—trade which was much vaster than our own. As the minister has very truly said, this is an experiment. Having presented it to the house as such, I do not think any good purpose would be served by my making any further observations.

Mr. CAHAN: In the comparison the minister made between the appreciation of the value of the yen, or the fixing of the value of the yen for trade between this country and Japan, and the value of the mark, there is this signal difference: The yen which serves to fix the value for duty purposes in Canada is the same yen with which Japan pays its employees. Japanese industry is based on it, and domestic trade is carried on on the basis of that same yen. But the mark which we are discussing, namely the international mark, and the fixing of the value of the international mark for duty purposes, is not the mark which forms the basis of domestic trade and industry in Germany. It is a different mark altogether. No supplier of materials in Germany for the use of German industry is paid with the mark the hon. member was discussing a few moments ago. Therefore when we come to discuss a further question

which, I understand, is within the domain of the Minister of National Revenue some consideration must be given to the fact that while the yen is the same yen which circulates in Japanese domestic trade and industry, the mark which we are discussing is not the same mark which circulates in Germany for the purpose of paying wages and supplies.

Mr. EULER: There is only one mark, except that in some cases restrictions are placed upon the use of it.

Mr. CAHAN: Restrictions?—I have not examined them for six or eight months, but if the minister will look at those restrictions he will find that marks are as different as Canadian dollars and Mexican dollars. While they are called marks, with some nominal preface determining their character, quality and use, they are in reality as different as if they were different currencies.

Section agreed to.

Sections 2, 3 and 4 agreed to.

Schedule agreed to.

Bill reported, read the third time and passed.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 112, for the relief of Rosalie Annie Arathoon Webster,—Mr. Plaxton.

Bill No. 113, for the relief of Minnie Sidilofsky Sadegursky,—Mr. MacKinnon (Edmonton West).

Bill No. 114, for the relief of Simone Baillargeon Mann,—Mr. Walsh.

Bill No. 115, for the relief of Thelma Lucille Farr,—Mr. Ross (St. Paul's).

Bill No. 116, for the relief of Sybil Geddes,—Mr. Graydon.

Bill No. 117, for the relief of Maurice Amédée Tremblay,—Mr. Jacobs.

CUSTOMS TARIFF AMENDMENT

RATE OF EXCHANGE IN COMPUTING VALUE FOR DUTY OF IMPORTS FROM COUNTRIES WITH APPRECIATED CURRENCIES

Hon. J. L. ILSLEY (Minister of National Revenue) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to amend section 6 of the Customs Tariff to provide that, notwithstanding the provisions of any other law, the governor in council may from time to time, and as occasion requires, and without having regard to the requirements of section 55 of the Customs Act, order and direct, subject to such exceptions as may be made, what shall be the rate of exchange fixed for any currency in computing the value for duty of goods imported into Canada from any place or country, the currency of which is appreciated in terms of the Canadian dollar; and also to provide that in cases where, under such power, the governor in council shall have fixed the rate of exchange for any currency in computing the value for duty of goods imported into Canada, special or dumping duty shall not apply when the export or actual selling price is equal to or greater than the value for duty so computed, and where the same is less than the value for duty so computed, special or dumping duty applicable shall not be greater than the difference between the said export or actual selling price and the value for duty so computed.

[Mr. Cahan.]

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

Mr. BENNETT: If the minister is prepared to permit discussion when the bill is introduced, there is no reason why the resolution should not pass.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce Bill No. 111, to amend the customs tariff.

Motion agreed to and bill read the first time.

At one o'clock the house took recess.

The house resumed at three o'clock.

HALIBUT FISHERY

AMENDMENTS TO CONVENTION BETWEEN CANADA AND THE UNITED STATES

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved the second reading of Bill No. 90, respecting a certain convention between Canada and the United States of America, for the preservation of the halibut fishery of the northern Pacific ocean and Bering sea, signed at Ottawa on the 29th day of January, 1937.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Short title.

Mr. HANSON: Before the bill is passed I should like to put on Hansard a few suggestions that were brought to my attention by the halibut industry of Prince Rupert, which represents about eighty per cent of the halibut industries of Canada. They wired to me as follows:

We recommend that a new halibut treaty and provision be included barring boats of non-treaty countries using our ports in case they fish halibut on our grounds. Seattle fleet advocating same at Washington. Please take this matter up.

Canadian Halibut Fishing Vessel Owners Association.

I made representations to the government and they assured me that consideration would be given to the suggestions made by the Prince Rupert halibut industry. I hope that this has been done in connection with this bill.

Mr. MACKENZIE KING: May I say to my hon. friend that he will see, upon looking at the bill, that section 9 covers the matter which he has in mind. It reveals that the government has not overlooked the matter he brought to its attention.

Section agreed to.

On section 2—Definitions.

Mr. REID: I wish to draw the attention of the Prime Minister to a suggestion which I made when the sockeye salmon treaty was before the house. I think consideration should be given to the question whether it is not possible to have Hecate straits designated as territorial waters or inland waters, similar to the Hudson bay straits. It might avoid trouble in the future if that were done.

Mr. MACKENZIE KING: The convention has already been approved by the United States, and it would not be possible for us to change the convention as approved. But the matter can and no doubt will be considered by the commission.

Section agreed to.

Sections 3 to 7 inclusive agreed to.

On section 8—Fishing, etc., in territorial or convention waters in closed season.

Mr. MACKENZIE KING: There is a small amendment to section 8.

Mr. LAPOINTE (Quebec East) I move:

That clause 8 be amended by adding the words "in contravention of any provision of this act, or of any regulation" immediately after the word "Canada" in the third line thereof, and by adding the same words immediately after the word "waters" in the last line thereof.

Amendment agreed to.

Section as amended agreed to.

On section 9—Orders and regulations by governor in council.

Mr. NEILL: I assume that this is the clause on which the Prime Minister relies in connection with the statement he made on the second reading of the resolution, when I raised a question of other powers coming in and depleting these waters regardless of this convention. The Prime Minister said that that would be taken care of in the bill, but I would point out that section 9, subsection 3, and possibly subsections 5 and 6, merely prevent—which indeed is all we can do—our own nationals from operating in these waters or any exterior waters, and prevent foreign nations from making use of our harbours and territorial waters, and of course we have that power. But neither in that section nor anywhere else in the bill is there any provision, nor do I see how it can be arrived at by any measure of restriction under this bill, to prevent, say, Norway and Britain from sending around a halibut steamer equipped to stay away from home for six, eight or nine months, and thoroughly cleaning out these banks, because those people know where they are, and they could stay there till they had made a clean-up. That would make this treaty and the advantages obtained from it wholly inoperative. The suggestion I made at an earlier stage of the measure was that we should secure if necessary the signature of Great Britain to the convention, which would then make the convention operative upon all her nationals. While that would not deal with the situation of Japan or of Norway, it would at least guarantee that no British nationals would come there and clean out our fishing. As I said before, in the treaty which was passed in 1923 the United States made a provision of that kind, for different reasons of course, and did, I think, obtain the signature of Britain or an understanding that Britain would bind herself to the terms of the convention of that time. I do not think that was done in 1930, and apparently it is not proposed that it be done here. I should like to hear the Prime Minister's views on that phase of the subject.

Mr. MACKENZIE KING: I might say to my hon. friend that in 1923 the senate did make a reservation to the effect—

Mr. NEILL: The United States senate?

Mr. MACKENZIE KING: The United States senate, yes, that the convention should not bind until Great Britain became a party to it. That, I understand, was because the United States senate were under the impression that as between the two countries, Canada had not full authority to sign a convention on her own account. The reservation was withdrawn in the following year and as a matter of fact has never been part of the convention. In 1930, as my hon. friend has indicated, it did not appear. It has been thought inadvisable to single out Great Britain for the purposes mentioned by my hon. friend. We believe that the act as drawn will include all countries in so far as it is possible for us to include them. It does not single out Great Britain, but applies to all countries in a provision that is aimed at

preventing any country from participating, contrary to regulations, in deep sea fishing to the disadvantage of the parties to the convention. What my hon. friend has in mind could, I believe, be accomplished only by some form of world convention. It would only be by agreement of all nations that one could possibly hope to get them to undertake not to fish in deep sea waters beyond territorial limits, and it is questionable, even though you had such a universally applicable provision, if it could be enforced.

Mr. REID: May I point out, with reference to this section, something that may arise in the future? It is true that the United States have closed their ports and that this is along the lines of the United States treaty as signed by them; but while it is very desirable I am in some doubt whether it may not conflict with the shipping act. Under the shipping act British ships must have free entry to all ports, and if when a British ship was fishing off our coast this provision were applied, prohibiting it from the use of our ports, I fear that considerable trouble would result.

Mr. NEILL: I would point out that the understanding attached to the convention of 1923 reads:—

. . . subject to the understanding, which is hereby made a part of this resolution of ratification, that none of the nationals and inhabitants and vessels and boats of any other part of Great Britain shall engage in halibut fishing contrary to any of the provisions of this treaty.

It was not apparently because of fear that our treaty-signing powers were not sufficient without the consent of Britain that they specifically put in that clause. They were quite satisfied with Canada's signature provided it was understood that Britain's nationals in addition to ours would be bound. While it is true, as the Prime Minister says, that it is almost impossible to achieve a total prohibition of fishing in the open sea, unless with an international treaty, at least it would remove a very formidable competitor if we secured the adherence of Great Britain. That country engages very largely in halibut fishing; it sends out boats, equipped for long voyages, which stay in northern waters for long periods, so that they have all the facilities at hand to come down here now. If we can eliminate their competition something substantial will have been done towards accomplishing what we want to achieve through this convention.

Mr. MACKENZIE KING: It is hoped that competition will be eliminated under the clause as it stands.

[Mr. Mackenzie King.]

Mr. BENNETT: This is a convention between the United States and Canada only. The United States senate did suggest the adding of an understanding which would have the effect of binding Great Britain by a treaty made with this dominion, but they abandoned it because obviously it was absurd that a treaty made between Canada and the United States should impose a condition by which Great Britain should be bound. We could no more regulate deep sea fishing of halibut off the shores of the United States than we can off the banks of Newfoundland unless Great Britain, Norway and Japan became parties, in much the same way as the sealing convention was negotiated for the purpose of preventing the destruction of seals. We certainly cannot do more than we have done here. We have bound our nationals and the United States have bound theirs, and that is all that we can do.

Mr. NEILL: Nevertheless, Britain was bound for seven years. It formed a part of the understanding and was accepted by Great Britain.

Mr. BENNETT: It was accepted, yes.

Section agreed to.

Sections 10 and 11 agreed to.

On section 12—Vessel, etc., liable to seizure and forfeiture.

Mr. REID: This convention is between the United States and Canada but subsection 1 provides:

Every ship, vessel or boat, including all furniture, apparel, appliances . . .

While it may be inferred that "every vessel" means every vessel of either the United States or Canada, the term might be otherwise interpreted.

Mr. BENNETT: Every vessel under this act.

Section agreed to.

Sections 13 to 15 inclusive agreed to.

On section 16—Commencement and duration of act.

Mr. NEILL: Was there not to be some provision in this bill to allow the sale of halibut caught in connection with other fishing? Hitherto these fish had to be destroyed or handed to a customs officer, and it was intended that the fishermen should be allowed to sell them, provided it was under conditions and in numbers that indicated that there was no attempt fraudulently to evade the measure.

Mr. MACKENZIE KING: What my hon. friend has in mind is provided for in the last clause of the second paragraph of article I:

. . . and to permit, limit, regulate and prohibit in any area or at any time when fishing for halibut is prohibited, the taking, retention and landing of halibut caught incidentally to fishing for other species of fish, and the possession during such fishing of halibut of any origin.

That covers the point.

Section agreed to.

Mr. BENNETT: As I read the bill, it does no more than give the effect of legislative sanction by this parliament to the provisions of the treaty.

Mr. MACKENZIE KING: That is it.

Mr. BENNETT: I just wanted to be clear in my own mind.

Bill reported, read the third time and passed.

ROYAL CANADIAN MOUNTED POLICE

PROVISION FOR RESERVE CONSTABLES AND NON-COMMISSIONED OFFICERS

Hon. ERNEST LAPOINTE (Minister of Justice) moved the second reading of Bill No. 83, to amend the Royal Canadian Mounted Police Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Definitions.

Mr. BENNETT: Does this section change the existing law?

Mr. LAPOINTE (Quebec East): It rather clarifies it. Acting rank is not included when service is computed.

Mr. BENNETT: The minister knows that there is a case pending of a surgeon who was with the force all his life but who engaged in other activities; he was a coroner engaged in private practice. I believe it was held that because of the definition in the section he was not eligible for pension although he strenuously contended that he was, and that he should be given such recognition as would be given to one who was a permanent appointee. I will not mention the name but the minister knows whom I mean. I should like to know whether there is any change that will affect his position, because he still contends that he is entitled to consideration.

Mr. LAPOINTE (Quebec East): I am informed this is merely to clarify the meaning of the section.

Section agreed to.

Sections 2 to 4 inclusive agreed to.

On section 5—Status after ceasing to be constable.

Mr. BENNETT: I want to be clear as to whether or not this involves any immediate payment of money in connection with the reserves.

Mr. LAPOINTE (Quebec East): This section is being amended after correspondence with the Department of Finance. It is merely to place those members retiring on pension on the same basis as others who leave the force, giving them the privilege of withdrawing as an annuity to widow or dependents the amount that has been paid in. At present when a man retires on pension his dependents are entitled to a pension proportionate to the time of his service, but they cannot continue contributing or withdraw the entire amount as in the case of those whose services terminate otherwise. This has been studied in respect to actuarial principles, and the Department of Insurance is agreeable.

Mr. BENNETT: But no pay attaches to the reserve men until such time as they are actually called up for training or duty?

Mr. LAPOINTE (Quebec East): There is no doubt about that. That is clause 2. I was discussing the last clause.

Mr. MASSEY: Is the clause to be retroactive?

Mr. LAPOINTE (Quebec East): No.

Mr. COLDWELL: Has the minister had an opportunity to look into the matter I mentioned last Monday, the secret service?

Mr. LAPOINTE (Quebec East): My hon. friend knows how busy we have been. I promise him I will consider it.

Mr. COLDWELL: I should like to add another fact. The man to whom I referred, Sergeant Leopold, was actually arrested while leading a demonstration or a riot in Toronto in front of the American consulate some ten years ago, and was found guilty and fined $50.

Mr. LAPOINTE: While he was a member of the force?

Mr. COLDWELL: While he was a member of the force, one of four ringleaders arrested. I am adding that fact to the protest I made last week, because I do not think that is conduct becoming to a secret service officer.

Mr. HEAPS: I may point out that to my knowledge the same class of work has been done by the mounted police for the last twenty years or so. Evidently it has been part of the work of the service to carry on

espionage in all kinds of labour organizations. I think that ought to be stopped. There may be cases where it is necessary for the mounted police to investigate a secret organization, but labour organizations are more or less public and I do not think it is necessary or right to have members of the mounted police spy on what is being done.

Mr. BENNETT: I find it difficult to understand the desirability of the government undertaking the business of an insurance company with respect to men in the force. This permits a man leaving the force to continue making payment of instalments.

Mr. LAPOINTE (Quebec East): They are doing so at the present time, except those who draw pension.

Mr. BENNETT: That does not make it right. We are making the Dominion of Canada an insurance company qua the force. If they leave it they may still continue to make payments and receive the amount of their policies, whereas the minister knows the government is making yearly contributions to that fund. This places the men in a preferred position, although they are no longer members of any force. As I said the other day, I find it difficult to accommodate my mind to the fact that we are becoming an insurance company with respect to any number of people, few or many.

Mr. LAPOINTE (Quebec East): We are already.

Mr. BENNETT: I know we are in the superannuation fund. I am talking of this.

Bill reported, read the third time and passed.

GOLD CLAUSE OBLIGATIONS

PROVISION FOR DISCHARGE BY PAYMENT IN LEGAL TENDER OF COUNTRY WHERE PAYABLE

Hon. CHARLES A. DUNNING (Minister of Finance) moved the second reading of Bill No. 103, respecting gold clause obligations.

He said: Before you leave the chair, Mr. Speaker, in the short discussion on the resolution the leader of the opposition (Mr. Bennett) requested me to make some inquiry regarding the bearing of the colonial stock acts upon this measure. I have made such inquiries and find that the measure is not affected, for the reason that all the outstanding sterling issues of the Dominion of Canada payable in London are on the list of stocks which have complied with the colonial stock acts. All these direct obligations of the Dominion of Canada payable in London are payable in sterling only. They do not contain the gold clause, and consequently the present gold clause obligations bill does not affect them in any way.

Mr. BENNETT: Is there a fixed value of sterling in the bond?

Mr. DUNNING: No.

Mr. BENNETT: Just a plain undertaking to pay pounds sterling?

Mr. DUNNING: Yes. While we have a number of guaranteed obligations which are payable solely or optionally in London, only one of these calls for payment optionally in gold coin of Great Britain of the standard of weight and fineness existing on the date of the issue at the fixed rate of $4.86\frac{2}{3}$ to £1 sterling. This is the $19,000,000 Montreal harbour commission five per cent forty year first mortgage guaranteed bond, issued in 1929 and due in 1969. Principal and interest of this issue are payable at the option of the holder in New York or Canada in gold coin respectively of the United States or Canada of the standard of weight and fineness existing at the date of issue, or in London in gold coin of Great Britain of the standard of weight and fineness existing at the date of issue at the fixed rate of $4.86\frac{2}{3}$ to the pound sterling. Neither this issue nor any other of our guaranteed obligations is on the list of stocks that have complied with the colonial stock acts—only direct obligations, and none of them contain the gold clause.

With respect to the measure itself, it simply provides that gold clause obligations payable in money of Canada may be discharged dollar for dollar in any money which is legal tender in Canada. There are of course many gold clause obligations of Canadian debtors which are payable in money other than money of Canada. We are not attempting to legislate for other countries; I should make that very clear. It is possible for parliament to deal effectively with obligations of this kind only when they are governed by the law of Canada. Accordingly the bill provides that gold clause obligations payable in moneys other than money of Canada may if governed by the law of Canada be discharged upon payment of the nominal or face amount of the obligation in currency which is legal tender for the payment of debts in the country in the money of which the obligation is payable.

The bill declares that gold clause obligations are contrary to public policy, and provides that no future obligation shall contain a gold clause. The reason for the latter provision is obvious, that no citizen of Canada

can properly enter into an agreement to pay gold when under our law he cannot now secure the gold to meet the obligation.

Mr. BENNETT: Of course he can get it.

Mr. DUNNING: Well, practically he cannot.

Mr. BENNETT: Oh, yes; I can buy gold.

Mr. LAPOINTE (Quebec East): You cannot export gold without a licence.

Right Hon. R. B. BENNETT (Leader of the Opposition): On the second reading of this bill, which involves acceptance of its principle, I think it only fair to say that the House of Lords in the case to which reference was made yesterday declared that all the countries have practically adopted this view, the view expressed in what is known in the courts as the Feist case, which however was not followed in the reference to that case in the House of Lords because it was decided that under the terms of the arrangement under which the money was borrowed in the United States it was governed by the law of the state of New York or the United States. As far as this bill undertakes to govern transactions and obligations of the Dominion of Canada expressed in terms of what is known as the gold clause, there is no doubt we are following the example of other nations in enacting the legislation now proposed.

But there are some phases of the measure —for example, that which declares it to be against public policy for parties to provide that obligations may contain a gold clause, which go rather farther than I think can be justified, because they interfere in a sense that I think is not necessary for the purpose of giving effect to this measure, with the contractual rights of parties and their ability and right to make contracts. Unless it be intended that it is to govern only the obligations of the state, to declare that every gold clause obligation is contrary to public policy, and that no such provision should be contained in or made in respect of any obligation, certainly is a departure from the ordinary rules that govern the enactment of legislation of this kind, and might be misunderstood.

Mr. DUNNING: I will deal with that when we reach the section.

Mr. BENNETT: I should like to be perfectly clear that none of our obligations are expressed in terms of current fineness or weight, for instance in connection with sterling obligations. Certainly my memory was that I had seen obligations of the Dominion of Canada, payable in sterling, expressed in terms of the present weight and fineness of gold. That is not the exact language, but the sense of it was that they were payable in pounds sterling expressed in terms of gold by appropriate language. If the minister tells me that none of our securities contains this clause of course I am quite content, but it was because I believed that some of them did contain it that I brought the matter to his attention yesterday. My memory was that I had seen some of those obligations expressed in those terms, but it is probable that my mind was dealing with what might be called corporate securities rather than the national obligations.

It is also quite clear that none of our guaranteed obligations have found approval under the Colonial Trustee Act. Successive ministers of finance laboured to secure the admission of our securities to that list. Mr. Fielding finally secured it by giving the undertaking I mentioned last evening. I am very glad indeed to hear that none of our national obligations which have been admitted to that list contains any provision that contemplates payment in gold. In any event it would make no difference as far as the enactment of this legislation is concerned; it would be a matter of subsequent negotiation, so there is no reason why the passing of the bill should be delayed.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

Sections 1 and 2 agreed to.

On section 3—Legal tender when payable in money of Canada.

Mr. BENNETT: This raises the issue I mentioned to the minister the other day. That issue was met in Australia by the character of the currency issued, with which the minister no doubt is familiar, which instead of promising to pay something on demand, which involves nothing more than the exchange of pieces of paper, merely says the note is legal tender for the amount in the commonwealth and all territories under the control of the commonwealth. When you use the words "legal tender" in connection with your paper currency this clause has singular value, but as it is now, legal tender is defined by our statute.

Mr. DUNNING: By our Currency Act.

Mr. BENNETT: Yes. We are now declaring that this shall be legal tender, and the statute defines legal tender to mean something other than that. The minister will remember that the Currency Act defines what legal tender is, so much silver, so much copper and

so much gold. Now we are going to say that in the case of any gold clause payable in money of Canada the tender of currency of Canada, dollar for dollar, of the nominal or face value of the obligation, shall be a legal tender, and the debtor shall, on making payment in accordance with such a tender, be entitled to a discharge of the obligation.

Mr. DUNNING: Within Canada.

Mr. BENNETT: Quite so. I was wondering whether it would not be desirable to insert the words "notwithstanding the provisions of any act to the contrary" because legal tender has a defined meaning. It means so much silver, so much copper and so much gold, which includes United States gold. You see, the legal tender act of this country is one of the few acts that recognize the gold coin of a foreign country. It recognizes the sovereign, of course, which is a British coin, and it also recognizes gold of the United States whether five, ten or twenty dollar gold pieces. I was asking the minister whether or not the words "notwithstanding the provisions of any act to the contrary" should be inserted.

Mr. LAPOINTE (Quebec East): Those words might be added. They could not do any harm.

Mr. DUNNING: That is already provided for in section 7, which we have not yet reached. That section provides:

> The provisions of this act shall have full force and effect notwithstanding anything contained in any other statute or law.

That is intended to cover this point.

Section agreed to.

Sections 4 and 5 agreed to.

On section 6—Gold clause obligation declared to be contrary to public policy.

Mr. BENNETT: I should like the minister to say why he thinks this should be enacted.

Mr. DUNNING: That, of course, is rather difficult to answer in detail. I am trying to imagine a condition under which gold obligations again accumulate; I am trying to imagine that condition alongside the condition we have in Canada under the present law with relation to gold, and particularly the relation of the individual or the corporation to the supply of gold. The supply of gold is now entirely under government control; no one may export it from the country without an export licence, and as a general matter of public policy the government deems it desirable that contracts to pay money in Canada should be expressed in terms of legal tender in Canada rather than in terms of gold, which at the present time in the world is in a far different situation from that which prevailed during the years when we were accustomed to regard it as one of the immutable things. If we eliminate by law the making of contracts in terms of gold certainly it will facilitate the taking of any measures by this parliament in the future which may be necessary from time to time, having regard to the international exchange situation. Any measure which facilitates or renders possible the free use of gold under present conditions, disregarding the national necessity or enabling that national necessity to be overridden because of an individual contract, is in the opinion of the government an undesirable condition.

Mr. BENNETT: Well, Mr. Chairman, I protest against this arbitrary exercise of power. In the first place, if one reads the language of the last judgment of the privy council it becomes a nice question whether we have any power at all. Here we are dealing with contracts, not any contract but all kinds of contracts, and we are declaring that as a matter of public policy a citizen of Alberta may not make a contract to pay $100 in gold, if he so pleases. On the construction placed by the House of Lords in the Feist case it was said that under the conditions mentioned this meant the right to tender a sufficient sum of money to buy that gold, without buying it. That is the sense of that judgment, but to say that this parliament is now going to declare all contracts now outstanding which contain this clause to be against public policy is going to hit the credit of this country fairly hard. Every gold clause obligation is hereby declared to be contrary to public policy. At one sweep we are going to wipe out all these contracts. What is to be substituted for them? I must say that not only is it the essence of repudiation, but it is entirely unnecessary. We have gone far enough when we say that in law any contract governed by the law of Canada, which is the essential point, is sufficiently met if we tender to the person who holds it Canadian currency. That discharges it, and he is entitled to a discharge. We also say that in this country, in our own dealings, currency takes the place of metal in all transactions, as legal tender in the discharge of obligations. Then we come to the third point, and we say that all these clauses are now declared to be against public policy—and I can name one after the other of these securities which are outstanding. To repudiate them outright and say they are against public policy is something which we should not do, unless it is absolutely necessary.

Mr. DUNNING: The intention is to deal with future contracts.

Mr. BENNETT: It does not say that. It says:

> Every gold clause obligation is hereby declared to be contrary to public policy and no such provision shall hereafter be contained in, or made in respect of, any obligation.

It deals with the present and the past—both. Perhaps I am now quite as orthodox as the Minister of National Revenue has become, but it seems to me quite clear that the only medium which we have, and which we can speak of as having universal value, is still gold. Whether we like it or not, that is so. It seems to me there is some doubt about our jurisdiction to declare that all these contracts are against public policy. I can only say that I do not believe it is sound in law.

Mr. DUNNING: The existing ones certainly are against present public policy.

Mr. BENNETT: Are they? This country is producing about $150,000,000 worth of gold per year, we will say. South Africa is producing about $400,000,000 worth and Russia about $350,000,000 worth. Certainly world authorities are going to make an effort—and they are already doing it—to support our currency with metallic coverage, not because it is necessarily from the standpoint of coverage but in order that there may be international confidence. Now we, as a parliament, sitting here in the closing days of the session, are declaring that it is against public policy. No public policy is affected by it. If John Smith makes a contract with Peter Jones in Saskatchewan to pay him $100 in gold, why should we step in and say that it is contrary to public policy?

Mr. DUNNING: We say that he cannot get it, except in bars containing 400 ounces of fine gold. That is our law at the present time.

Mr. BENNETT: Yes, I see that.

Mr. DUNNING: He could not get the gold to use for payment.

Mr. BENNETT: Yes, he could.

Mr. DUNNING: Well, that is rather far-fetched.

Mr. BENNETT: Yes—but he could. The mines are not bound to sell their gold to the crown.

Mr. DUNNING: It is decidedly to their interest to do so.

Mr. BENNETT: That is so.

Mr. DUNNING: They cannot export it.

Mr. BENNETT: Correct, and a licence can be given only to a chartered bank or the Bank of Canada, and therefore the export of it involves a licence issued practically by the crown. But that does not say you cannot get gold. But I am dealing with the other side of the matter. I am dealing with a position where parliament steps in in connection with any contract which two men may make to pay something in gold, if they are foolish enough to do it—in other words, we are going to protect them against their own foolishness—and says that it is against public policy. If the judgment of the privy council is any guide, it certainly affects property and civil rights, and affects them in such a way as to make illegal and invalid a contract made between two citizens, which certainly is not a general principle which should govern in connection with contracts.

Mr. LAPOINTE (Quebec East): Mr. Chairman, as to the principle of declaring that it is against public policy we must remember that in these matters we have to consider what is done in other countries. The international aspect of the matter is very important. This clause is exactly the same as one enacted by the congress of the United States.

Mr. BENNETT: I know that, but I did not wish to mention it.

Mr. LAPOINTE (Quebec East): It was enacted in 1933. They declared all gold clauses to be against public policy, provided against such obligations in the future, and made provision whereby such obligations would be discharged by payment dollar fo dollar in legal tender. It was that legislation, supported by the House of Lords in the International Trustee case, which indicated what the British government was really owing in New York. So far as our power today is concerned, may I point out that the Supreme Court of the United States decided that that legislation was valid because it was in relation to the monetary system of the United States, which is the case in Canada. The Department of Justice has declared this to be valid because parliament has certain powers of legislation, with respect to (1) the regulation of trade and commerce; (2) currency and coinage; (3) banking, the incorporation of banks and the issue of paper money; (4) savings banks; (5) bills of exchange and promissory notes and (6) legal tender—apart, of course, from the power to legislate for the peace, order and good government of the country. Thereby this parliament is given ample power to legislate.

Mr. BENNETT: I respectfully differ from the minister, because positions in the United States and Canada are very different.

Section agreed to.

Section 7 agreed to.

Bill reported, read the third time and passed.

FOREIGN ENLISTMENT

CONCURRENCE IN SENATE AMENDMENT

Hon. ERNEST LAPOINTE (Minister of Justice) moved the second reading of and concurrence in amendment made by the senate to Bill No. 23, respecting foreign enlistment.

He said: The only amendment made by the senate was the addition of one word in section 3. Section 3 reads:

If any person without a permit, being a Canadian national, within or without Canada, accepts or agrees to accept any commission or engagement . . .

And they have added the word "voluntarily" before the word "accepts." It will now read:

If any person without a permit, being a Canadian National, within or without Canada, voluntarily accepts . . .

And so on. I have no objection to the amendment.

Mr. BENNETT: It is difficult to understand how it could be accepted otherwise.

Mr. LAPOINTE (Quebec East): I agree, but the point is not sufficiently important to start a battle with the senate.

Motion agreed to; amendment read the second time and concurred in.

TRANS-CANADA AIR LINES

CONCURRENCE IN SENATE AMENDMENTS

Hon. C. D. HOWE (Minister of Transport) moved the second reading of and concurrence in amendments made by the senate to Bill No. 74, to establish a corporation to be known as Trans-Canada Air Lines.

Mr. BENNETT: What are the amendments?

Mr. HOWE: Several changes have been made in the bill, only one of which is important. The title has been changed. Instead of its being "an act to establish a corporation to be known as Trans-Canada Air Lines" it has been changed to read "an act to incorporate Trans-Canada Air Lines." Then in connection with the directors being resident in this country the word "continuously" has been added, as intended by this chamber.

Mr. BENNETT: That was agreed to.

[Mr. E. Lapointe.]

Mr. HOWE: The number of directors has been changed from nine to seven, three of whom are to be appointed by the governor in council and four by the shareholders of the corporation.

Mr. BENNETT: That is unimportant, I take it.

Mr. HOWE: I do not think it is material. Then the word "purchasing" has been changed to "acquiring," and the word "hereafter" has been changed to "hereinafter."

Motion agreed to; amendments read the second time and concurred in.

DEPARTMENT OF TRANSPORT

CONCURRENCE IN SENATE AMENDMENTS

Hon. C. D. HOWE (Minister of Transport) moved the second reading of and concurrence in amendments made by the senate to Bill No. 88, respecting Department of Transport stores.

He said: The only change in this bill is the rewording of section 3. The objection taken in the senate was that this section is worded in accountant's language and they have now expressed it in legal phraseology.

Mr. BENNETT: What the minister might describe as high-powered lawyers' words.

Motion agreed to; amendments read the second time and concurred in.

FEEDING STUFFS

REGULATION OF IMPORTATION, EXPORTATION AND SALE

Hon. J. G. GARDINER (Minister of Agriculture) moved that the house go into committee on Bill No. 64, to control and regulate the sale of feeding stuffs.

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

Section 1 agreed to.

On section 2—Definitions.

Mr. BENNETT: Is there any change in the existing law made by this section?

Mr. GARDINER: There are some slight changes in the definitions, but I may say that these have all been submitted to all branches of the trade interested. They were submitted also to producers' organizations and then this house submitted them to the agriculture committee. They have been gone over very carefully and I think they should meet with the approval of this committee.

Mr. SPENCE: I do not think so, but of course it will go through just the same.

Section agreed to.

Sections 3 and 4 agreed to.

On section 5—Labelling of package.

Mr. REID: Would this section cover the sale of canned horse meat?

Mr. GARDINER: One of the reasons for amending the act is to bring within the provisions of the act other foods that have come into use since 1921.

Mr. STEWART: When the bill was up for second reading the question was raised, I think by my right hon. leader, as to whether section 4 in its entirety was within the jurisdiction of this parliament. I think the minister said that the wording of this section was much the same as the wording in the old act, but the decision of the privy council in connection with the Natural Products Marketing Act would seem to throw some doubt upon some of the provisions of this section. It reads:

> No feeding stuff mentioned in column one of schedule "A" to this act shall be imported into, manufactured, distributed, advertised, sold or offered or held in possession for sale in Canada which has not first been registered with and had a registration number assigned to it by the minister.

Has any consideration been given to the question raised on the second reading of the bill?

Mr. GARDINER: After this question was raised on the second reading I had the bill submitted again to the Justice department. They prepared a memo indicating that the bill was intra vires on grounds agreeing with the findings that have been made in connection with similar matters, some of which had gone to the privy council. As I recall it, the point upon which they based their decision was the fact that this parliament has a right to legislate in connection with all matters having to do with the control of agriculture. It will be noted that towards the end of the section which has just been read there are these words, "which has not first been registered with and had a registration number assigned to it by the minister." It is the opinion of the Department of Justice that the bill is absolutely within the powers which this parliament has in connection with legislation affecting matters of the kind.

Mr. BENNETT: You will remember the privy council said that the marketing act was bad because it interfered with sales within the provinces. I directed attention only to the words "sold or offered or held in possession for sale in Canada." I did so because of the provisions of section 95 of the British North America Act which deals with the jurisdiction of the dominion and the provinces with respect to agriculture and immigration. That section reads in part:

> —and any law of the legislature of a province relative to agriculture or to immigration shall have effect in and for the province as long and as far only as it is not repugnant to any act of the parliament of Canada.

I am afraid agriculture does not cover the sale of agricultural products. However, the minister is bound by the opinion of his officers and that is the end of it. I am bound to say that the courts in Ontario held against this view in connection with eggs. A dominion statute was held invalid as applying to the sale of standardized eggs as distinguished from eggs in export and interprovincial business.

Section agreed to.

Sections 6 and 7 agreed to.

On section 8—Feeding stuff not to contain excess of certain foreign matter.

Mr. BENNETT: It sems to me that by some of these sections we are opening up possibilities of legislation. We are placing upon the minister the responsibility of acting as a judge to determine whether or not a brand is likely to deceive a purchaser in any way as compared with some other brand, or whether in the opinion of the minister they are identical. The minister is now asked to act as referee for the purpose of deciding what very often is a most complex question of law, and which in the case of, for instance, Bayer's aspirin involved litigation that extended over many years.

Mr. DUNNING: Has it been concluded?

Mr. BENNETT: I think so; it finally went to the privy council. The question of determining that issue as raised in section 4 of this act is one which is engaging the attention of the courts, I should think, every week of the year, both in Great Britain and here. For instance one might mention the litigation in connection with Uneeda Biscuit, as well as other articles—sardines, for instance.

Mr. DUNNING: Bovril.

Mr. BENNETT: Bovril, aspirin and so on. I think it will be found that in operation the section will create great difficulties for whoever is charged with the responsibility. In the nature of things no minister can determine an issue of that kind, which in the end

is usually decided by reference to evidence as to conflict and to misunderstandings regarding meanings. I will do no more than direct attention to that point.

Section agreed to.

On section 9—Inspectors, analysts.

Mr. GARDINER: When we were on the second reading the question was raised, I believe by the hon. member for Leeds (Mr. Stewart) whether this section gives the minister power to make appointments. I think a careful reading of the section will indicate that it does not.

> Such inspectors and analysts may be appointed as the minister may consider necessary for the effective carrying out of the provisions of this act.

That is, the minister has no power to make appointments, but he has the power to have appointments made, and these will be made by the civil service commission. No power is given by the act to the minister to make these appointments.

Mr. STEWART: This section as drafted calls attention to the provisions of the section in the former act which reads as follows:

> There may be appointed in the manner authorized by law such inspectors and analysts as may be necessary for the purpose of this act.

That makes it perfectly clear that appointments would be made under the provisions of the Civil Service Act. I would refer the minister, if I may, to the bill following this one, which is similar to the measure we are now dealing with, the title being "An act respecting the testing, inspection and sale of seeds." Section 4 of that bill provides:

> There may be appointed in the manner authorized by law such inspectors and official analysts as are necessary for the purpose of this act.

It seems to me that it would be well to have the wording of this section in the language of the section I have read rather than in its present form, which I think leaves it open to doubt whether the appointments are to be made by the minister, or by the civil service commission in the manner authorized by law. I firmly believe in the merit system, and in the administration of an act of this kind, which has such broad and sweeping provisions, it would be well that the officials responsible for administration should be appointed under the Civil Service Act, that their tenure of office should be secure, and that there should not be any suspicion that they were holding their offices for political reasons or through patronage. The minister would be well advised to adhere to the wording which has been adopted, and which is used in the bill to which I have referred. Why is this section of the bill under consideration worded as it is when the other wording seems so well established, is found in so many acts, and leaves the matter beyond question?

Mr. GARDINER: As I said on the second reading, no change was made in the wording with regard to appointments. As far as this bill is concerned this is a new clause, the suggestion for which comes entirely from the officials of the department. My first impression when the hon. member brought up the matter before was that I would have this section removed, because it was certainly my intention not to assert any such power as it seemed to give me, but in the department it was drawn to my attention that the wording did not mean that. In fact the wording is in many acts which have been passed by the house—

> Such inspectors and analysts may be appointed as the minister may consider necessary.

Mr. CAHAN: By whom?

Mr. GARDINER: I have no power to make appointments.

Mr. CAHAN: By whom?

Mr. GARDINER: By the civil service commission. That is the wording which in many acts gives the civil service commission power to make appointments.

Mr. CAHAN: But there is no general act which compels appointment through the civil service, so far as I know, and there are no appointments necessarily made through the civil service except when they are to be appointed according to the law. These officials may be appointed in any way the minister may desire, by himself or by his servants.

Mr. GARDINER: They tell me that is not so.

Mr. CAHAN: Why not make it clear?

Mr. GARDINER: I am quite satisfied to make it clear if it can be made any clearer.

Mr. BENNETT: I suggest that the minister remove any anxiety on the point by using the same language that is used under similar circumstances in other acts—"There may be appointed in the manner authorized by law such inspectors and analysts as the minister may consider necessary for the purpose of this act."

Mr. GARDINER: I have no objection to that, but I say again to hon. members that I personally made that suggestion, and the draftsman told me that this section does give

the civil service commission power to make appointments. There was no intention to make it otherwise, and if there is any other wording which is better, I have no objection.

Mr. CAHAN: If that is the minister's intention, I think he should make the intention clear.

Mr. STEWART: I have drafted an amendment which possibly the minister will accept and ask somebody to move:

That section 9 be struck out and the following substituted therefor:

There may be appointed in the manner authorized by law such inspectors and analysts as the minister may consider necessary for the effective carrying out of the provisions of this act.

Mr. MACKENZIE (Vancouver): I move accordingly.

Amendment agreed to.

Section as amended agreed to.

On section 10—Inspector may enter premises and take samples.

Mr. BENNETT: I am sure the minister will regard this section as such an invasion of civil rights as to challenge the good will of everyone in this chamber. It is provided that:—

An inspector may at all reasonable times enter any premises in which he has reasonable cause to believe any feeding stuff is being or has been prepared for sale and may take for analysis samples of any feeding stuff there found on payment of the value of such samples.

Surely civil rights have not entirely disappeared from the country. I admit that under the present administration they are having a hard time.

Mr. MACKENZIE (Vancouver): This is similar to the old section.

Mr. BENNETT: I cannot help that. Many things have been put through without regard to conditions. It is desirable that when an inspector has reasonable cause to believe that something improper is being done he should have the powers of a peace officer or a constable. But to say that, without regard to any consideration, an inspector may walk into my premises, break locks, and do anything he likes, provided he pays for any samples he takes—well, I will not take up the time of the committee reading again what I quoted the other day from the criminal code with respect to search warrants and matters of that kind. Neither the minister nor the department is wholly to blame for this section, because such sections have been embodied in our statutes before. But there is no reason why we should continue to enact provisions of this sort. How would the minister like, if he were engaged in the business of selling feeding stuffs, to return from dinner and find that somebody had forced an entry into his place of business and taken away samples of what he had to sell, when that person could decently have come and asked for such samples and paid for them? All that is necessary here is to say that the inspector shall be entitled to samples on request; because if he does not get the samples the licence can be cancelled. The section should read: "An inspector shall on request be entitled to take for analysis samples of any feeding stuff which is being or has been prepared for sale, and pay for such samples." At this time of the session I will only point out the direction in which we are going in this invasion of public rights and civil liberties. If I were in Saskatchewan and asked the minister whether or not I might go into a store and get samples he would say: Certainly; the law ought to provide that the proprietor shall furnish samples on request, and failure to do so should constitute an offence under the act, whereby he would lose his licence. It is proper to say that the samples shall be paid for; but to say that an inspector may enter premises at all times, without limitation on entry, is going altogether too far. It may be said that I am putting an extreme case, but it is the principle that is involved that I am pointing out to the minister. However, I will not trespass any longer on the time of the committee.

Mr. GARDINER: The section is practically the same as the one that has been in the act since 1921. I believe I am right in saying that most of the manufacturers of feeding stuffs were represented before the committee by a representative of the trade, and they have no objection to the section in its present form; as a matter of fact they rather asked for it. This bill is not objected to at all by the trade; it is one that they themselves helped to draft and they prefer to have it in this form. Occasionally someone about whom there may be question starts up in the business and it is thought desirable that an inspector should go and take samples in the way here proposed.

Mr. BENNETT: The section which this one replaces is entirely different in essential meaning. Section 15 of the present act reads:

15. Any officer or person charged with the enforcement of this act shall have access

(a) to any elevator, warehouse or other premises where he has reason to believe that grains or other constituent parts of feeding stuffs are blended for the manufacture of feeding stuffs; and

(b) to any premises or receptacles which he has reason to believe contains feeding stuff.

2. Such officer or person may take the samples therefrom on payment of the value of such samples.

In essential meaning that section and the one now before us are entirely different. One says that any officer or person charged with the enforcement of the act shall have access, and so on.

Mr. MACKENZIE (Vancouver): The definition of inspector is exactly the same.

Mr. BENNETT: I am not arguing that narrow point; the person charged with the enforcement of the act means the inspector. There is no doubt about that. What I am pointing out, however, is that essentially the two sections as worded are different. Section 10 of the bill is carrying the doctrine of right of search beyond the limit. Certainly section 15 of the act, which is now being replaced, is not as broad as the present provision.

The CHAIRMAN: Shall the section carry?

Mr. BENNETT: On division.

Section agreed to on division.

On section 11—Particular offences. Penalty.

Mr. BENNETT: The fine here is incongruous having regard to what we provided the other day in connection with war materials and the like. Lack of uniformity in fines is a matter to which judicial attention has been much directed in recent years, and it is only necessary to point it out.

Section agreed to.

Sections 12 and 13 agreed to.

On section 14—Regulations.

Mr. BENNETT: Section 14 leaves the last word with the governor in council. I wonder why these imitators have gone so far in outdoing their predecessors. The governor in council is now authorized to vary any schedule to this act, which means that the whole essence of the bill now rests in the hands of the governor in council. The schedule contains a list of feeding stuffs that are to be dealt with, and now we wind up by conferring upon the governor in council power to vary the schedules. My hon. friends are certainly making great progress in improving on the exercise of the arbitrary powers of their predecessors.

Mr. JACOBS: It is a case of evil communications corrupting good manners.

Mr. BENNETT: But there was no communication; that is the trouble. This section is entirely new. It shows what effect the bad example of five years has had on the permanent officials of the department, for here we are going to clothe them with power to change the whole act, and we are going to give the minister power to make regulations. In other words, between the governor in council and the regulations, all that is necessary is to pass the title of the bill and these sections with regard to regulations.

Mr. DUNNING: But section 5 limits the content of the regulations.

Mr. BENNETT: But it does not; that is the point. The minister now grasps the point I was endeavouring to make. Section 5 makes provision with regard to labels and things of that sort, and in section 14 we are providing that the governor in council may from time to time make regulations varying any schedule to the act, while in section 15 the minister is empowered to make regulations respecting the feeding stuffs enumerated in that section.

Mr. DUNNING: Yes; but if section 5 is read carefully it will be found to be a complete limitation on the minister's part.

Mr. BENNETT: Section 5 reads:

Every package containing any feeding stuff mentioned in column 1 of schedule "A" to this act shall be labelled in such manner as may from time to time by regulation be prescribed.

Then we wind up, after thirteen sections, with a section providing that the governor in council may from time to time make regulations to vary any schedule, and that is followed by a section empowering the minister to make from time to time regulations covering everything that is embraced in the legislation, registration, labelling, information to purchasers, procuring and analysis of samples, analysis for purchasers, and so on. Imagine the power!

Mr. DUNNING: Surely that is not the meaning. The schedule is descriptive.

Mr. BENNETT: I am looking at sections 14 and 15. Section 15 gives power to deal with all the matters about which we have been endeavouring to legislate, and says that the regulations made under this act are to be law. In the days of the old administration, according to the theories then expressed, it was said to be pretty bad that the governor in council made laws, but now the Minister of Agriculture alone is going to make the laws of this country. So that whatever Herod may have done, the government has now out-Heroded Herod. I think upon reflection the minister will see that this is going further than we have usually gone in this parliament. I can hardly conceive of any government asking us to agree to a section which

creates a new law-making power in this country, namely, one man. In the language of the hon. member for Spadina you not merely "See" the late government but "raise" them, by giving power entirely to the minister to make the regulations.

Mr. CAHAN: We should meet one day at the opening of each session and pass an act allowing the governor in council to do anything within the legislative competence of parliament, and then prorogue.

Mr. DUNNING: That was advocated during the previous five years.

Mr. BENNETT: No, it was not advocated. This, in the language of the hon. member for Vancouver Centre (Mr. Mackenzie) is responsible government. His sense of responsible government needs revision.

Mr. DOUGLAS: I presume these changes and regulations from time to time will be printed in the Canada Gazette. Will any other form of publicity be given? In view of the fact that an offence under the act is fairly serious it seems to me something should be done to make known any changes in the regulations from time to time. The average farmer or even the man in the feed business is not always familiar with the Canada Gazette.

Mr. JACOBS: The statutes will be published.

Mr. DOUGLAS: But the regulations will not.

Mr. GARDINER: As I have already said, all these sections that have been introduced into the act have been introduced after full discussion with practically all parties concerned, that is, all the manufacturers of these feedstuffs. There is no doubt that every manufacturer in Canada will have the regulations at his hand at all times, because he will be more or less governed by them in the making of his feeds. To that extent they will be advertised at all times. I do not see any objection to removing (a) from clause 14, "varying any schedule to this act," and have them subject to coming back here for change any time change has to be made. I think once a year would be sufficiently often to consider changes in the schedules.

Mr. BENNETT: I should think the minister himself would desire to have it out.

Mr. GARDINER: I would just as soon have it out. I suggest that the clause carry with subsection (a) deleted.

Mr. MACKENZIE (Vancouver): I move accordingly.

Mr. DUNNING: That restores responsible government!

Mr. BENNETT: No, responsible government is still done away with by section 15.

Amendment agreed to.

Mr. CAHAN: If you strike out clause (a) the others must be relettered.

The CHAIRMAN: That will be done.

Section as amended agreed to.

On section 15—Regulations.

Mr. BENNETT: Section 15 is the more offensive of the two.

Mr. DUNNING: Surely my right hon. friend will let the minister define what is a weed.

Mr. BENNETT: We enact legislation, and then we say the minister may make regulations under (a) to (k); we give him the power by regulation to deal with all the things that we as a parliament dealt with. Take them one by one: (a) registration of feeding stuffs; we have a law about that—we have passed the section. Now the minister is to have power to make regulations—

Mr. DUNNING: Subject to the section, of course.

Mr. BENNETT: No, it says these regulations have the force of law.

Mr. DUNNING: Not if they are contrary to the section.

Mr. BENNETT: But we do not impose any limitation; that is my point. Having as a parliament passed the section we wind up by saying that the minister may make regulations about all the matters that we were legislating on, and these regulations are to have the force of law. Why not have some responsible government?

Mr. STEWART: In the old days it was a well established principle that the words "not inconsistent with the provisions of this act" should be included, but even that safeguard has been wiped out. This is wide open, a blank cheque.

Mr. BENNETT: This may sound unimportant. If the minister will add between the words "regulations" and "respecting" the words "not inconsistent with the provisions of this act," the point made by the Minister of Finance will be clear. As it stands now the minister may do anything.

Mr. GARDINER: The only objection I have to those words is the one I have raised on one or two occasions. I am somewhat

like the Minister of Transport; I do not like to get into conflict with the legal authorities on questions of this kind. I can assure my right hon. friend that no such intention as he ascribed was intended in the drafting of the bill. Clause 3 of the old act gives almost identical powers in very much the same language:

The minister may

(a) appoint an advisory board which may at his request prepare and recommend to him such regulations—

And so on, make regulations establishing standards, designating the kind of damaged grain, et cetera, which is considered injurious; in fact giving practically all the powers of this section.

Mr. DUNNING: Look at subsection (k) and you will see the point—"any other matter in regard to which he is by this act required or authorized to prescribe."

Mr. GARDINER: Exactly the same as in the old act—make regulations for any other purpose deemed by him to be necessary for carrying out the provisions of the act.

Mr. BENNETT: The words "not inconsistent with the provisions of this act" are not here now.

Mr. GARDINER: They are in the other act.

Mr. CAHAN: Why cite to us something done seventeen years ago? Section 14 (f) gives the minister power to make regulations "with respect to any other matter concerning which he may deem regulation necessary for the execution of the purposes of this act." That implies that regulations may be made under clauses (a) to (e) which are not consistent with the act. Exactly the same criticism applies to section 15. The minister would have all the authority he could possibly desire if he or the governor in council were authorized from time to time to make regulations not inconsistent with the provisions of this act.

Mr. GARDINER: Well, Mr. Chairman, I can only say that I am sufficiently conservative, if you like to put it that way, to think it is a good thing to continue those things that have worked all right for twenty years. In connection with this provision, no trouble having arisen, I do not see any reason for changing the wording. Again I would say that the matter has been submitted to the best legal authorities we have in the department.

Mr. CAHAN: Who were the legal authorities that approved of this?

[Mr. Gardiner.]

Mr. GARDINER: The officials of the Department of Justice, as represented in the different departments.

Mr. CAHAN: Well, an official of the Department of Justice is not the head of this department. The bills brought in last year and this year have been unprecedented with respect to the confused way in which the clauses are expressed. The minister says that because of some precedent which has been established he wishes to go back and make regulations which are inconsistent with the provisions of this act. He should have no such authority. If regulations were so made in the past it would have been disclosed very quickly upon contestation that such regulations might be infringed upon without penalty. Why raise all these difficulties when you can express clearly in the English language what is intended? Whatever may be in the mind of the minister, this parliament in passing these sections should insist that the regulations to be made either by the governor in council or by the minister should be consistent with the provisions of this act.

Mr. STEWART: What is the objection of the minister to using the standard words "not inconsistent with the provisions of this act?" Surely he does not think he should have authority to make regulations that are inconsistent with the act?

Mr. GARDINER: I think that is exactly what it means, and I would prefer to let the draftsmen of these acts put in the proper wording rather than try to do it in this committee on the spur of the moment. My experience has always been that it is better to make laws in that way. I have no objection to those words, but at the moment I am not certain in my own mind as to what would be the effect on these sections if they were inserted.

Mr. CAHAN: Then I think the section might be held over until the deputy minister of justice has time to report on it. It is not sufficient excuse for parliament to pass an act of this kind, prescribing penalties, which may be imposed by information or by indictment, to say that some unknown and nondescript official in a department has inserted or left out certain words. Let us get down to a clear expression of what is intended.

Mr. GARDINER: As a matter of fact the rewording of the act has resulted in what was formerly paragraph (a) being taken out of the section under which these regulations are made possible.

Mr. BENNETT: That is still in the bill.

Mr. GARDINER: It is now section 23, and it reads:

The minister may appoint an advisory board which may, at his request, recommend to him such regulations as in its opinion should be established under this act.

Mr. BENNETT: But the minister sees what that means.

Mr. GARDINER: It simply means that a board is established composed of representatives of all branches of the trade as well as representatives of the producers. Any regulations the minister may desire to have become effective under this act are submitted to this board first for review and discussion before they are put into effect.

Mr. BENNETT: Surely the minister sees the effect of that. The advisory board then becomes the House of Commons and the senate and the governor general. It becomes the law making body; it makes a recommendation to the minister; he passes regulations, and under section 15 he becomes a one man parliament. I am not saying anything about the minister personally, but that is what happens. If the Minister of Finance would just look at paragraph (j) he would see my point quite clearly. Section 21 provides for the disposal of feeding stuff not conforming to the act; it may be forfeited to his majesty, and so on. Section 15, paragraph (j), says the minister may make regulations respecting the disposition of damaged feeding stuff. We confer upon him the power to make regulations, though the act has dealt with the matter in detail. The desirability of inserting the well known formula "not inconsistent with the provisions of this act" becomes painfully apparent from looking at those sections, I think.

Mr. MACKENZIE (Vancouver): The draftsman has inserted in the definitions the necessary authority to cover both cases. Under paragraph (j) of section 2 regulation means any regulation made under the authority of this act, so what my right hon. friend desires is absolutely and amply provided for in the interpretation section, both in regard to this point and in regard to the point raised a few moments ago.

Mr. CAHAN: The minister has made it perfectly clear; that is exactly what we are complaining of. Under the definitions "regulation" means any regulation made under the authority of this act, and as it is now drafted this act gives the minister authority to make any regulations whatsoever, whether or not they are consistent with the provisions of the act. Still those regulations certainly would be under the act. This bill gives the minister authority to make his own regulations, to have penalties imposed for their breach, all under the act.

Mr. MACKENZIE (Vancouver): Well, I do not agree with my hon. friends that it is necessary, but there is no objection in the world to inserting those words. Accordingly I move that the section be amended by inserting after the word "regulations" in line 22 the words "not inconsistent with the provisions of this act."

Mr. BENNETT: Would it not be well to insert those words in section 14 also?

Mr. MACKENZIE (Vancouver): I have no objection at all.

Mr. BENNETT: This is all done under the act, but the regulations need not be consistent with it. That was the whole point we were endeavouring to make, and I am sorry we did not present it more clearly.

Amendment agreed to.

Section as amended agreed to.

Mr. MACKENZIE (Vancouver): I move that section 14 be amended by adding after the word "regulations" in line 5 the words "not inconsistent with the provisions of this act."

Amendment agreed to.

Section 16 agreed to.

On section 17—Warranty.

Mr. BENNETT: I do not want to take up more time, but surely this section must go beyond the jurisdiction of this parliament. The Sale of Goods Act covers this whole matter, and of course the courts have held that any body that is created, even such bodies as banks, must comply with local laws. Here is the granting of an action for warranty, which concerns purely property and civil rights and the administration of civil justice, being dealt with by this parliament. I have nothing further to say, Mr. Chairman; I merely point out the fact.

Section agreed to on division.

Sections 18 to 20 inclusive agreed to.

On section 21—Detention and disposal of feeding stuff not conforming with the act.

Mr. CAHAN: I suggest that in line thirty-two after the word "regulations" the words "made thereunder" should be inserted.

Mr. BENNETT: Quite.

Mr. MACKENZIE (Vancouver): That is exactly the same point. There is no objection to putting it in, but it is unnecessary.

Mr. CAHAN: Probably the minister has not had very much experience in contesting legislation of this kind.

Mr. DUNNING: The word "regulations" is in line twenty-eight; would the change at that point govern the whole section? Would an alteration to that effect meet the views of the hon. member for St. Lawrence-St. George?

Mr. CAHAN: I think it should be inserted in both places. There could be no harm in adding those words; otherwise lawyers will be arguing about it in court.

Mr. BENNETT: And in the thirty-first line I believe the word "the" at the end of the line should be "this."

Mr. GARDINER: Yes, that is correct.

Mr. DUNNING: I move:

That section 21 be amended by striking out the word "the" at the end of line thirty-one and substituting therefor the word "this", and that after the word "regulation" in line thirty-two, the words "made thereunder" be inserted.

Mr. STEWART: And in the twenty-eighth line.

Mr. DUNNING: It is clear without that, surely.

Amendment agreed to.

Section as amended agreed to.

Sections 22 and 23 agreed to.

On section 24—Repeal.

Mr. STEWART: How will section 24 affect section 25? The Feeding Stuffs Act is repealed by section 24, and by section 25 the new act shall not come into force until October 1, 1937.

Mr. BENNETT: There is no statute until that date.

Mr. GARDINER: That is correct.

Section agreed to.

Section 25 agreed to.

On schedule A.

Mr. BENNETT: I suppose the schedule has been carefully checked. Some of it is in very fine print and the misprint of a single letter might make some difficulty.

Mr. GARDINER: It has been done carefully.

Schedule A agreed to.

Schedule B agreed to.

Bill reported.

[Mr. Bennett.]

Mr. DUNNING moved that the bill be read a third time.

Mr. CAHAN: Before the bill is given a third reading, although I would not suggest a division of the house at this time, I must say we cannot be deemed to have approved of the clauses with respect to which we have taken objection. We will permit the bill to pass without a division, but there must be that understanding.

Motion agreed to and bill read the third time and passed.

SEEDS

REGULATION OF TESTING, INSPECTING, SALE AND IMPORTATION

The house in committee on Bill No. 65, respecting the testing, inspection and sale of seeds—Mr. Gardiner—Mr. Sanderson in the chair.

Sections 1 and 2 agreed to.

On section 3—Regulations.

Mr. BENNETT: I suggest the same principle should be prescribed in section 3 as in sections 14 and 15 of the measure relating to feeding stuffs. The first part certainly makes that provision, but the latter part does not. There is provision in the first part whereby the minister shall establish regulations under the act, and then it goes on to say "and may make regulations" and so on. The natural inference is that they were not established. I think it might be desirable to use the expression to "make regulations not inconsistent with the provisions of the act prescribing" so and so, if the minister thinks well of it.

Mr. GARDINER: The wording in section 3 is exactly the same as that in the original act. However, I have no objection to the change in the wording.

Mr. BENNETT: There is some difference. The minister has not quite grasped my point. There is provision for the appointment of an advisory board which prepare and recommend such regulations as should be established under the act. And then it proceeds to use the words "may make regulations." The word "thereunder" could be used, so long as it is not inconsistent. I think the situation would be met by adding the usual formula, "not inconsistent with the provisions of the act."

Mr. GARDINER: I notice the wording is the same as in the old section 3, but of course that is no argument in favour of it.

Mr. CAHAN: To say "regulations not inconsistent with the provisions of this act" is entirely different from saying "regulations made under the provisions of this act." When you give unlimited power to make regulations, the regulations so made may be consistent or not consistent with the provisions of the act though they are made under the act. It is obvious from the wording of section 3 that the minister is not bound by the recommendations of the board. They may recommend regulations but he is not bound to accept their recommendation.

Mr. GARDINER: We will put that in.

Mr. MACKENZIE (Vancouver): I move that after the word "regulations" in line thirty-one of section 3 there be inserted the words "not inconsistent with the provisions of this act."

Amendment agreed to.

Section as amended agreed to.

On section 4—Appointments.

Mr. BENNETT: The minister will see that the two bills deal with the same thing but not in the same terms. The section in this bill reads:—

There may be appointed in the manner authorized by law such inspectors and official analysts as are necessary for the purposes of this act.

In the other bill the section reads:—

Such inspectors and analysts may be appointed as the minister may consider necessary for the effective carrying out of the provisions of this act.

I suppose it may be taken for granted that the minister will determine what officials are necessary.

Section agreed to.

Sections 5 to 14 inclusive agreed to.

On section 15—Exemptions.

Mr. REID: Would the exemption in this section apply only to field seeds and not to such garden seeds as a farmer might use?

Mr. GARDINER: Sections 5 and 6 of this bill are not to apply to seed of cereal grains, buckwheat, field peas, field beans and corn that are grown, sold and delivered by any farmer, on his own premises, for seeding by the purchaser himself. It is not usual for a farmer to sell garden stuff. As a matter of fact, most of these seeds are imported.

Mr. REID: Most of the farmers in the Fraser valley have a small acreage and this section would seem to apply to those having large acreages.

Section agreed to.

Section 16 agreed to.

On section 17—Official samples.

Mr. BENNETT: If the Minister of Finance is right, this section is redundant. Perhaps it can pass on division.

Section agreed to, on division.

Section 18 agreed to.

On section 19—Detention.

Mr. BENNETT: This section certainly goes farther than we have gone heretofore in this parliament. We have not considered advertising as being within our jurisdiction. It may pass, on division.

Mr. CAHAN: This section could not be enforced if it was contested.

Section agreed to, on division.

On section 20—Prosecution for violation.

Mr. BENNETT: As regards the last clause of section 20, I should think it would be very difficult to deal with the prosecution of a person out of Canada. It says:

If, . . . the seeds or plants were purchased from a person not resident in Canada the prosecution shall be taken against the person or his agent in Canada who sold, advertised, offered or had in his possession for sale the said seeds or plants.

That is a new theory of the criminal law.

Mr. DUNNING: Well, it has been in the law for quite a time.

Mr. BENNETT: Wherever it came from, it is a new theory of the criminal law.

Mr. GARDINER: It has been in the law since 1923, apparently.

Mr. CAHAN: The old law, if it is correctly printed on the opposite page, had a proviso:

If, however, the seeds or plants were purchased from a person not resident in Canada the complaint made shall be against the person in whose possession they are found.

Mr. BENNETT: Which is not this section at all.

Mr. CAHAN: That is entirely different.

Mr. DUNNING: Surely the new one is an improvement on that.

Mr. CAHAN: Improvement in what way? It is an improvement by an infringement of the legislative competence of the provincial legislature. If we can deal with it, we can deal with the prosecution of one who has goods unlawfully in his possession, or goods in his possession which do not conform with the law. Now we are providing for prosecution of a person who advertises these seeds

or plants. Take the case of newspapers containing advertisements, they are liable, whether they know anything about it or not. Or "who offered or had in his possession for sale the said seeds or plants." So far as they are in possession, the old law and the present one are practically the same; but to go beyond that, to punish some person other than the possessor, is an extension which is doubtful indeed.

The CHAIRMAN: Carried?

Mr. CAHAN: On division.

Section agreed to, on division.

On section 21—Illegal sale.

Mr. BENNETT: Would the minister notice the difference between the fines that can be imposed under this bill and under the other statute? Here the maximum fine for a first offence is $25, and for a subsequent offence the maximum is $250; whereas in the other statute it was $500.

Mr. GARDINER: It is quite a different offence, though.

Mr. BENNETT: I should think it was; this is more serious.

Mr. GARDINER: Oh, I do not think so.

Mr. BENNETT: This deals with seeds.

Mr. GARDINER: It is not more serious.

Section agreed to.

On section 22—Penalty for tampering or obstruction.

Mr. BENNETT: Might it not have been desirable to provide for the act to come into force on a date certain, rather than on the day that it is assented to, because certainly it has one or two provisions which it is desirable that people should know about. I just mention that to the minister; it is not a matter of importance to me; the minister knows better than I.

Mr. GARDINER: I think probably this will be all right, at this time of year.

Mr. BENNETT: It struck me that it might be a matter of difficulty.

Mr. GARDINER: It is just preceding the seeding period.

Mr. BENNETT: There are some new provisions which it may be difficult for people to observe who do not know anything about the measure; for instance, the sections dealing with advertisements and things of that sort. Is this a time when advertisements are largely circulated? I do not pretend to know.

Mr. GARDINER: I think it is all right to have the act come into force when it is assented to.

Section agreed to.

Sections 23 to 25 inclusive agreed to.

Preamble agreed to.

The CHAIRMAN: I want to point out to the minister that I have two copies of this bill, and I did not get the new bill until we arrived at section 13.

Mr. GARDINER: Perhaps you had better read over the numbers in the new bill.

Mr. BENNETT: I think it might be taken that there is no difference between the old copy and this one up to section 13.

Mr. DUNNING: All the members of the committee have had the new bill before them and their decision was registered with respect to the new bill. I think, therefore, Mr. Chairman, you can safely initial the clauses from clause 13 onwards in the new bill now in your hands.

Bill reported, read the third time and passed.

SEED GRAIN

GUARANTEE OF LOANS FOR PURCHASE OF SEED AND OTHER ASSISTANCE IN SEEDING OPERATIONS IN WESTERN PROVINCES

Hon. J. G. GARDINER (Minister of Agriculture) moved the second reading of Bill No. 101, to assist the provinces of Alberta, Manitoba and Saskatchewan in financing the cost of seed and seeding operations for the crop year 1937.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Short title.

Mr. PERLEY (Qu'Appelle): I think the minister has agreed that on taking up the bill he will give us some information. He has referred to a number of municipalities. In the past, I understand, seed has always been provided on the basis of the number of acres, and I should like to know the number of acres to be provided for, also the number of acres for which seed was supplied in 1936.

Mr. GARDINER: I am sorry that the years mentioned by the hon. member are not those that were under discussion the other

night. I have particulars regarding the two years 1934-35 and 1936-37. Those are the years which more closely compare; last year the assistance was comparatively small.

Mr. BENNETT: That is 1936, last year.

Mr. GARDINER: Well, last year was 1935-36. I have 1934-35 and 1936-37, which more nearly compare. I will give the figures. In the year 1934-35, which is the last big year as regards the supply of seed, there was supplied for seed wheat 3,295,000 bushels, and the acreage was 2,995,000; seed oats, 2,900,000 bushels, 1,675,000 acres; rye, 5,000 acres and 5,000 bushels; barley, 110,000 bushels, 73,000 acres. This is only for Saskatchewan. These figures differ slightly in bushels per acre from the figures for this year for the reason that it was rather the heavier lands that were seeded under the plan of 1934-35. The hon. member for Qu'Appelle will understand the reason for that. There was a crop failure over a considerable part of the heavy clay lands in 1934-35, whereas there was no failure last year. That resulted in a larger allowance in bushels per acre than is made in the arrangement this year.

For 1936-37 the figures are: seed wheat, 2,739,000 bushels, 2,739,000 acres; the acreage is exactly the same, it being estimated that a bushel to the acre will be seeded; oats, 2,279,000 bushels, 1,300,000 acres; barley, 46,245 bushels, 39,000 acres; flax, 7,200 bushels, 14,400 acres; rye, 10,400 bushels, 10,400 acres.

It will be noted that the acreage for which seed is to be supplied this year is about 256,000 less than in 1934-35, and the acreage that is to be seeded to oats is about 375,000 less. The acreage to be seeded to barley is a little more than half what it was in 1934-35; the acreage under rye is double what it was in 1934-35, and the acreage to flax this year is an addition. There was no acreage under flax in 1934-35.

In order to make the picture complete and give some idea whether the estimate this year is on a basis similar to that of 1934-35, I might point out that the federal government in 1934-35 supplied $6,000,000 outright. The mortgage companies and the banks supplied $2,030,000 worth of seed without any guarantee from the federal government, but the mortgage companies had a guarantee from the provincial government, just as they are having this year, and in some instances the banks were also guaranteed by the province. The provincial government supplied funds amounting to $759,000, in round figures. That makes a total of $8,789,000 for 1934-35, or approximately what was asked for this year by the provincial government. The mortgage companies are still supplying seed for their land, in addition to what the federal government is guaranteeing.

Mr. DOUGLAS: With a provincial government guarantee?

Mr. GARDINER: I presume so. We are not in that picture.

Mr. BENNETT: To what extent?

Mr. GARDINER: The figure is about one million dollars for the mortgage companies in Saskatchewan. That is the only province from which complaints have come, and therefore I have secured the figures. The banks in that year supplied $999,000, and I do not know of any reason why they should not supply this year a considerable amount not subject to guarantee. Assuming therefore that the banks and mortgage companies supply as much this year as in 1934-35, the guarantee still provides for $600,000 more than was supplied in 1934-35. When you consider the acreages, which are smaller, and the fact that there has been an increase in the price of grain, these two factors will fairly well balance up, and our experience of 1934-35 should be sufficient to justify our action this year. In other words, having carefully reviewed the figures and gone over them with the provincial government, we are satisfied that the situation in Saskatchewan will be met by the provision of the amount in the bill.

Mr. COLDWELL: Is there not a feeling that in previous years the farmers were probably not as anxious to have as great an acreage as this year, when with higher prices in view they hope to recoup some of their losses? Is it not also a fact that there is a deduction from the amount of seed grain, if the farmer gets repairs, and that with the present condition of machinery the applications for repairs are fairly heavy? If these applications are granted, that will reduce the amount of seed considerably, and that is one of the criticisms that have been represented to me.

Mr. GARDINER: The remarks of my hon. friend remind me that the figures I have given include tractor fuel, repairs, feed and fodder and everything of that kind which is required for putting in the crop. It includes not only seed but seeding supplies. While it is true, as has been said, that the farmers will probably desire to put in a greater acreage as a result of the increase in price, I believe it will be agreed that the fact that the price has gone up should improve the credit of many people in Saskatchewan to the point where we should expect the banks

and mortgage companies to take care of seed in connection with certain lands. While the price will no doubt be an incentive to people to put in a greater crop, at the same time the fact that there is an increase makes it all the more possible for the individual to pay back than it was in 1934 when the price was low.

Mr. DOUGLAS: On the basis of a survey they made, the provincial government, I believe, made an estimate of $8,700,000 for this year. Has the minister any figures as to the estimate they submitted to the federal government in 1934-35?

Mr. GARDINER: I am not able to give the figures, but I reviewed the estimate at the time in the province. The estimate that is brought in from the municipalities is always very much higher than the amount the provincial government finally agrees to, and the provincial estimate is usually higher than the amount the federal government will agree to guarantee. There are three checks instead of one, and all I can say is that after all three checks had been made in previous years the lowest amount has always taken care of the needs of the farmers. In fact, last year it more than took care of them.

There is another matter which I have hesitated to mention because we do not want to attract too much publicity to it, and that is that these guarantees are not usually called for until the crop is all in. No close check can be made in the matter until much later in the season than the seeding. I think much of the agitation that is going on is without full information of the actual working out of a scheme of this kind. We shall be back here in session again before it will be known what these guarantees amount to. I think the amount prescribed in the bill is sufficiently high to warrant the financial institutions paying out to the farmers enough to take care of all their seeding needs.

Mr. DOUGLAS: Do I understand that the seed and feed have already been bought by the provincial governments? I notice in the press reports that so many cars have come in ready for distribution.

Mr. GARDINER: It cannot properly be said that the seed has been purchased. Arrangements have been made throughout the winter season for grain companies to ship the seed where it is going to be required, and the government or someone becomes liable to pay for it only when it is taken out of the elevators. What usually happens is that the individual makes arrangements through the municipality for a credit at the bank, and when he gets that credit he goes to the elevator and gets the wheat and issues a cheque for it. So it would be improper to say that the grain has been purchased now by the province or anyone. The grain is actually purchased by the individual.

Mr. DOUGLAS: What price will be fixed for the wheat in this guarantee? Will it be the price as of the day it is sent to the point, or at the time it is taken from the elevator?

Mr. GARDINER: There is no price fixed in the guarantee.

Mr. DOUGLAS: But the farmer will have to sign a note for so many bushels at so much a bushel. When is the price per bushel set?

Mr. GARDINER: As I remember what takes place, the farmer is not asked to sign a note for so many bushels, he is asked to sign a note for so much money.

Mr. DOUGLAS: But representing so many bushels of wheat.

Mr. GARDINER: He is allowed enough to buy so many bushels. Then the collections are made by the bank in the fall, and it is only when the note is not paid that the government becomes interested. If these collections are not made during the following three years, the government becomes liable to pay. But there are three years in which the bank goes on making collections.

Mr. DOUGLAS: The point is, a farmer taking delivery of this wheat will, I presume, get it at the price of wheat at the time, which will be considerably higher than the price in 1934-35; and while $6,000,000 in 1934-35 compares favourably with $6,700,000 this year, in view of the difference in the price of wheat it will not represent as much feed or seed to the farmers as the $6,000,000 in 1934-35. Is that not correct?

Mr. GARDINER: No, that is not in accordance with what happens. The Minister of Finance indicated to the house the other day that while last year we put through a bill which empowered this government to give a guarantee limited to $4,000,000, there was, in fact, never more than $3,500,000 worth of seed put out. By the time the dominion government was asked to come into the picture, even to recognize that they might have to give guarantees, $1,000,000 of that had been paid back. The provincial government could have gone very much further than the $4,000,000 and still have been safe. This year we are in the same position. As I just stated, it will not be known until probably next fall how much this government is going to be liable for. Past experience indicates that a considerable amount of what we put out will

be collected this fall, more next fall, and still more the following fall; and we shall finally come into the picture for whatever part of the $6,700,000 is then left. So that there is considerable leeway to the province. The province has control of the distribution.

Mr. DOUGLAS: I am sure that is not generally understood.

Mr. GARDINER: It is probably just as well that it is not, if we want to keep the expenditure down.

Mr. PERLEY (Qu'Appelle): No doubt the minister has received many reports from the west protesting that farmers are not able to get more than about half enough seed, and no doubt he has seen in to-day's press, dispatches from the west that farmers are holding meetings and some suggesting that they go on strike and put no seed in. Of course, I think that would not be a good idea. But there is no doubt that the government and the municipalities made some estimates last fall of the acreage for which seed would be required. The farmer goes to the municipality and makes his application for seed, and will receive seed at a given price. I have already this year had to sign two consents for seed. There is no question that if he is taking the seed out now he will have to settle on the basis of the price at the time it is taken. The other night the minister said that arrangements had been made early last fall before the wheat would be shipped to Fort William for the holding of wheat in the area or for shipping wheat in, to make sure that an abundance of seed would be available. I think the minister should give some details respecting the arrangements made with companies for shipping seed into the area. Surely there was some understanding with respect to price. I think it was the first Friday in January that a report was made to the grain commission, showing that James Richardson and Company held about 75 to 80 per cent of the total wheat west of Fort William, and at that time there were only about 26 to 27 million bushels west of Fort William. So it would seem this firm has had considerable to do with supplying the wheat.

I should also like to know whether the grain board has had anything to do with securing this wheat. I would judge that the government took some action either in arriving at a price basis with the firm that shipped it in, or that they secured an option. We know that the provincial government on other occasions has secured an option with respect to seed grain. The one with respect to oats did not work out very well.

Mr. GARDINER: It paid its way.

Mr. PERLEY (Qu'Appelle): On this occasion if the government took the option, as there is no doubt they should have done in order to secure the wheat for the farmer as cheaply as possible, they will have considerable profit and will be able to give to the farmer wheat at the price of say last November. I think we should have some information from the minister respecting the arrangement made, and with what company he made it. I am informed on pretty good authority, and possibly the minister knows, that James Richardson and Company have a private wire between their Regina office and the office of Mr. Williams, the purchasing agent for the provincial government. If that is the case, there is no doubt that this one company is figuring considerably in the supply of this wheat. If a company was to be employed to secure the options, if it was to be dealt with in that manner, I think the wheat board, having membership in the Winnipeg exchange and clearing house, could have done that work just as well and perhaps at a considerable saving to the government, instead of a private firm being employed. I think the committee should have a little more information with respect to these matters.

Mr. GARDINER: The points that have been raised by the hon. member for Qu'Appelle are, of course, points that do not concern this government at all. We have nothing whatever to do with these arrangements; they are all made by the provincial government, and I have no information as to whom this grain will be ultimately purchased from. But knowing Saskatchewan as I do, knowing that the pool has elevators at nearly all the marketing points in the province—I doubt very much if there is any company that even approaches it in the number of elevators from which grain can be distributed—and knowing what has been the record in the past, I would expect the pool to supply very much the greater portion of all the grain required for seeding purposes. I do not imagine that the Richardson company will figure to any greater extent than that they may have elevators here and there throughout western Canada, and I would not imagine they have very many of them. At points where they have elevators, however, if they have wheat which they are willing to sell at the same price as any other elevator company, I presume some of the farmers will go to the Richardson elevators for their grain. That, however, is not a matter that is decided even by the provincial government, in my experience; it is a matter that is decided by the individual himself. He goes wherever he can get the best seed wheat. If he gets the

best wheat at a pool elevator, he will go there; if he gets it at the Richardson elevator, he will go there. The bills will come in, I presume, at the price at which the wheat is sold to the individual, and I would imagine that this price probably would be the market price at the time the deal was made. Many of these farmers took out their seed weeks ago, some of them months ago, and the deal made at the time is the deal that will be carried out. From our experience with all elevator companies, however, I am sure they will carry out this transaction with the provinces in the best possible way.

Mr. PERLEY (Qu'Appelle): The minister has hardly answered the question. The other evening he stated that arrangements had been made with companies either to ship grain in or have it held there. Neither the pool nor any other company would hold grain from last November, with the advanced prices from December and January, without some definite arangement as to the price at which that grain is to be sold. If the grain is to be shipped in, there is no question but that the Richardson company will figure very prominently, because that company has the largest amount of wheat in the west. When the minister stated the other night that arrangements had been made, surely he had knowledge of those arrangements, and surely he can give us more details than we have received as yet.

Mr. GARDINER: All I can say is that the provinces have advised me that arrangements have been made to have the grain remain there. Judging from past experience I would say that the grain would have been there even if no one had made arrangements. No one in western Canada is more interested than the elevator companies in seeing that the grain is there. If seed is not sown in those areas, there will be no necessity for any elevators next fall. As a matter of self-interest, the elevator companies see that seed grain is in their elevators in the communities where the farmers have no seed grain. Even if the government had paid no attention to the matter at all I am quite satisfied that the elevator companies would have seen to it that sufficient seed grain was left to re-seed the area. I do happen to know, from information passed on to me, that the provinces have taken an interest in the matter and that seed was left in these different areas; so I am quite satisfied that the seed is there.

Mr. PERLEY (Qu'Appelle): It so happens that the report to the board of grain commissioners shows that on the first Friday in January the Richardson company held nearly all the grain, so the argument that the elevator companies were leaving the grain in the country elevators to make sure seed would be available is not very good. Perhaps the Richardson company did that; but what about the four hundred other members of the grain exchange who held a very small percentage of the grain in western Canada at that time?

Mr. GARDINER: Of course, that might easily be true without making any difference in what I have said. After all, they only want three million bushels; Richardson could have all the rest of the grain, and still the other companies would have enough seed wheat distributed over the area to take care of the demand.

Mr. COLDWELL: In reply to the hon. member for Weyburn the minister stated that there was no fixed price for the wheat. I would take it, then—

Mr. GARDINER: No, I said that we had not fixed any price in this guarantee, but I am not in a position to say there is no fixed price. The provinces may have arranged a price; I do not know.

Mr. COLDWELL: That is the point I was going to make, that if the provinces have not arranged a fixed price it amounts to this, that the farmers sold their wheat before Christmas for a dollar a bushel or so, and to-day they will have to buy wheat at $1.50 a bushel.

Mr. DUNNING: Under such circumstances a farmer certainly should not get any seed under this act.

Mr. COLDWELL: I am talking about farmers in a general way, not so much the farmers who grew the wheat. The farmers generally sold wheat at around a dollar a bushel. To-day other farmers engaged in the same industry have to buy back that wheat at $1.50. Or worse still, the government of Canada sold millions of bushels of wheat at around a dollar a bushel and to-day the government of Canada is guaranteeing the payment of perhaps $1.50 a bushel. The point I was trying to make is this: The minister cannot tell us whether or not any arrangements were made by the provincial governments. This drought situation was obvious before Christmas. It was obvious that seed would have to be supplied, and it seems to me the federal and provincial governments should have endeavoured to enter into some arrangements as to the price of seed grain well in advance of the development of this situation.

Mr. GARDINER: There is no doubt about that. I said I did not know what the arrangements were in detail, but I do know that the wheat is there, all arranged for, and the farmers can get it.

Mr. COLDWELL: That is a little better, but the responsibility for carrying out the plan rests with the provinces. That being the case, I want to ask another question. I take it that the circular to which I referred on Monday, showing the reduction suggested in the amount of seed and supplies, was sent out under provincial rather than federal authority, but the amount of money involved, $6,600,000 instead of the $8,700,000 which was asked for by the provinces, is the decision of the federal authorities, I take it.

Mr. GARDINER: The amount of money finally available for the distribution of seed is not a matter for the federal government. Of necessity the amount to be guaranteed by the federal government is decided here, but the province can still use its credit and any funds that may be in its treasury. As a matter of fact, in 1934-35 the province used three-quarters of a million dollars of its own money. So a province can use its own credit for the purpose of giving further supplies if it desires to do so. Any municipality can do that.

Mr. COLDWELL: I want to be quite clear about this. The amount of $6,600,000 was the decision of the federal government, or was it arrived at by arrangement and agreement between the two governments?

Mr. DUNNING: Perhaps I can answer that question more readily. When any guarantee is asked of the federal government the closest possible examination is made as to the need for the amount involved. That necessarily involves representations by the parties requiring the guarantee. I have never known parties requiring a guarantee to ask for less than was required. One can always rely upon them asking for enough, and the experience in connection with seed grain, as indicated by the Minister of Agriculture, is that the guarantees hitherto given have proved amply sufficient to take care of the situation. If the hon. member will read the bill, he will see that the responsibility of this parliament is with respect to authorizing a guarantee under each of the sections, relating separately to each of the provinces, in order to enable the relevant provincial act to be cited.

It is not certain that precisely the same methods will be followed in each province. We are not here concerned with the precise method by which provincial authorities arrange for the acquisition and distribution of supplies of seed. We are concerned with having discovered the minimum dominion guarantee which we believe will be adequate to deal with the problem.

Mr. DOUGLAS: In view of the fact that the circular sent out on January 28 by the provincial government, which I am not quoting now because I made reference to it the other day, made a survey on the basis of an absolute minimum, stating $2 per acre, a certain amount per bushel, the amount of feed to be allowed and the amount of fuel as the very maximum; and in view of the fact that there might be a somewhat increased price for feed, seed and fuel it seems to me that the federal government would have been within its rights, when computing the amount they were willing to guarantee, in considering favourably the figure that was suggested. After all, the amount asked for, $8,700,000, as compared with $6,000,000 in 1934-35, does not represent actually an increase in price for seed. It does not actually represent more in seed. In view of the fact that they had surveyed their needs and that the need had been based upon an absolute minimum, it would seem that for the federal government now to reduce the amount in terms of seed—not in terms of money—that it is willing to guarantee will place the provincial governments, the municipalities, and some of the farmers in a difficult position. While I am glad to hear the Minister of Agriculture say that the needs of the people will be looked after—and I hope he is right—the fact remains that perhaps this is the first year in quite a number that in Saskatchewan there is the slight possibility, in view of prevailing prices, that some of the farmers may be able to recoup some of their losses and pay some of their debts.

Mr. DUNNING: That will not make it rain.

Mr. DOUGLAS: No, but after the inspiring speech made by the Minister of Finance some time ago, about having faith in the recuperative powers of the drought area—

Mr. DUNNING: But not enough faith to put expensive seed into land which all science and agriculture has demonstrated will not offer a fair or even chance. That is one of the points which is important when one considers the extent of distribution of seed; we must consider whether we will encourage seeding on land which is worse than a normal gamble.

Mr. DOUGLAS: In the first place, the minister says his faith is not strong enough.

Mr. DUNNING: Is it a kindness to anybody to permit him to sow such seed? If the hon. member has ever farmed, he knows what I mean.

Mr. BENNETT: He has not faith even as a grain of mustard seed.

Mr. DOUGLAS: Faith without works is dead. As a matter of fact, however, the minister knows very well from his experience in Saskatchewan in days gone by, that men have seeded in the spring, almost in dust, and that the June rains have made a great difference.

Mr. DUNNING: On some parts of a farm; I am distinguishing between one part of a farm and another part, from the standpoint of cultivation.

Mr. BENNETT: Between summer fallowed and other land.

Mr. DUNNING: Yes.

Mr. DOUGLAS: The fact still remains that some of the best crops have been harvested in Saskatchewan in years when seed bed conditions in the spring were not good, but when subsequent June and summer rains have immeasurably improved conditions. This is one year in which the farmers of western Canada are beginning to see a gleam of hope, There actually was a possibility of again putting agriculture on a paying basis. I hope nothing will be done by the federal government which will place provincial governments in a position of being compelled so to restrict the amount of seed grain that they will curtail the livelihood of any of these people in the coming year.

Mr. COLDWELL: The Minister of Finance has said that seeding on some of this land was a gamble we ought not to undertake, or words to that effect. May I say that those people are on the land in question, and were allowed to go there by federal authorities.

Mr. DUNNING: I think the hon. member has misinterpreted what I said. I believe I qualified my statement. The good farmer seeks to sow land which is in a state of cultivation or which, from the experience in his own district and on his own farm, he knows offers the maximum chance of giving a return. Always in a year of high prices he is under the great temptation to sow another field on his farm which he knows is not in a state of tilth and cultivation which would be most likely to produce the best results. In other words, the incentive to gamble on unfit land is always greater during a period of high prices. I see the hon. member for the Battlefords over there. I know that in his district a demonstration was given a number of years ago. On one occasion it worked out all right, but in four succeeding occasions it did not.

The point I am making is that there is an incentive to the farmer to gamble on land on his own farm which really is not a fair gamble. It is not a gamble as between farmer and farmer and district and district.

Mr. COLDWELL: Reading the western newspapers which have just arrived I find the criticism that a great deal of summer fallow will not be seeded this year because there is not sufficient seed, fuel or feed. I was reading an account of a meeting which appeared in the Leader-Post of Regina, and that was the criticism there made. They say that land in good tilth, which has been summer fallowed cannot be seeded because, first, of the condition of the horses due to insufficient feed; the necessity for tractor and repairs, and so on.

Mr. DOUGLAS: I can assure the Minister of Finance that on the basis of the schedule sent out by the provincial government on January 28 there was no possibility of putting under cultivation fields which were not fit for seed. That schedule was cut to a minimum, and I am not criticizing that fact. In view of conditions, it was a wise thing to do; but to cut it further may have serious consequences.

Mr. BENNETT: I should like to ask the minister a few questions I raised the other evening. It is quite clear that the federal government was aware that seed had to be purchased, for they passed governor general's warrants in the early part of 1936.

Mr. DUNNING: Not warrants for seed.

Mr. BENNETT: No, governor general's warrants for relief. Therefore it was apparent that the situation would require seed in 1937. What, if any, steps did the government take to secure seed for western Canada at the then prices?

Mr. GARDINER: When provincial representatives were here last September from Saskatchewan, Alberta and Manitoba, the question as to how seed would be supplied this spring was raised.

Mr. BENNETT: I understand that.

Mr. GARDINER: We then expressed a preference for the method which is now being followed, so far as the federal government is concerned. We preferred this year to follow the same policy for all three provinces as

was followed last year with respect to Saskatchewan, and asked the provinces to make their representations at a later date, after they had sized up the situation as to whether that suggestion would meet their conditions. All three western provinces finally agreed that that method would meet the situation existing. When they were here last September they agreed or they stated that they would make any provisions necessary for having that seed in the proper locations, where it would be retained until the spring. They indicated then that they would require to have some assistance to finance the transaction, but no assistance was required for any other purpose. As a matter of fact, I think the federal government has always taken the position that the responsibility for supplying seed is a provincial responsibility. This has been the position taken, at least since the lands were turned over to the provinces; and having taken that position, we do not feel that the federal government should take any action in connection with the actual supplying of the seed.

Mr. BENNETT: That answers one question, but it does not answer the next question I shall ask, nor has it fully answered the one I have just asked. Knowing that seed grain had to be acquired, did the government indicate in September last, as a condition of the granting of these guarantees, that the wheat should be acquired before the spring or at any particular time?

Mr. GARDINER: No, that was left to the provinces.

Mr. DUNNING: Except that they knew we would help in this manner.

Mr. BENNETT: If they knew that we would help, and it was not made a condition that they should acquire the wheat without delay, the result is that the provinces sat by, with the acquiescence of this government, and saw wheat rise in price forty and fifty cents a bushel. The farmer will have to repay this money, and instead of having the benefit of a reasonable price they will have to pay the higher prices, enriching the present holders of the grain. That is what will happen, instead of having made it a condition that the wheat should be acquired at once and storage charges paid, which would have amounted to about a thirtieth of a cent per day.

Mr. DUNNING: I cannot say that the provinces have not acquired the wheat.

Mr. BENNETT: I think it is the business of this government to be able to tell me whether they have or have not. As a citizen of this country I have a right to know. I say it was the duty of the federal government to impose as a condition to the granting of this aid in September last that the wheat should be acquired. Everyone knew that there would be a rise in price.

Mr. DUNNING: That is an old question.

Mr. BENNETT: Here is an editorial which appeared in a Toronto paper in August, 1936. This man knew nothing except the great wheat movements and he heads his article "Wheat Stocks a Gold Hoard." There was not a single operator in this country who was not acting on that assumption. I ask this government why they did not impose as a condition the immediate acquiring of this wheat, instead of allowing profits to accrue to those who owned the wheat? There would have been a benefit accruing to the farmers by the lesser price they would have had to pay. That is the question I want answered.

Mr. GARDINER: I should like to ask this question: Was such a condition ever imposed upon any province in connection with the supplying of grain?

Mr. BENNETT: We have never had such conditions existing.

Mr. GARDINER: We had a similar condition in 1932. Wheat was down to 26 cents per bushel and by the next year it had risen just as much as it has gone up this year, although it did not go to as high a price. No government of Canada has ever imposed such a condition at any time.

Mr. BENNETT: Yes, it has.

Mr. GARDINER: Not in any experience I have had in the province of Saskatchewan.

Mr. BENNETT: I happen to know that the wheat board took steps to acquire wheat.

Mr. GARDINER: In 1934 the wheat board took steps to acquire wheat at the request of the provincial governments.

Mr. BENNETT: The provincial governments might have requested as much as they liked; it was the dominion government that did it. It is quite true the provinces asked that it should be done, but the federal government became a party to its being done. Here is the difficulty, and I think it is a real one. Abnormal conditions prevail in the world. The government say they did not believe what everybody else believed. They are pledging the credit of the country for $9,000,000, and I think it was their duty to impose as a condition the acquisition of the wheat at the then price, instead of the present price of 30 or 40 cents a bushel more, which must

be paid back by the farmers. A farmer wanting 100 bushels of seed might have been able to get it at $1 per bushel, instead of having to pay $1.40 per bushel. I submit that that was the duty cast upon this government, having regard to the market conditions then prevailing. The government say they do not know of its having been done before, but I say that in the fall of 1934, Mr. McFarland was providing for seed grain when the provincial governments' requirements were known.

Mr. GARDINER: At the request of the provinces.

Mr. BENNETT: Long before the provinces requested it he realized that seed grain had to be provided. As the minister says, this is not a matter in which we deal directly, but we are providing the money to pay for it. The government must have seen this upward movement during the last three months. At any time during that period from 15 to 20 cents a bushel could have been saved; but the farmer must now pay this higher price for his seed to heighten the profits of those who held it from the others.

Mr. CRERAR: What would have happened if that suggestion had been carried out and the price of wheat declined 20 cents a bushel? The farmer would have had to pay 20 cents a bushel more than the market price.

Mr. BENNETT: I say there was no likelihood of that. Even the editors of newspapers were predicting what would happen. What is the condition to-day in Canada? The Minister of Finance is getting $8,000,000 where he expected a loss of $15,000,000 a year ago.

Mr. DEACHMAN: The price is down a few cents to what it was some days ago.

Mr. BENNETT: And I dare say it will go lower for the very reasons I have mentioned.

Mr. DEACHMAN: Let me know so I can go short.

Mr. BENNETT: As a matter of fact, I have never owned a bushel of wheat in the market in my life. I leave that to others. That is just what I am and have been complaining about ever since I had an intelligent appreciation of the facts. If speculation were stopped in this country we could have some hope for the future. As it stands to-day, the farmer of western Canada is being forced to pay a price for his seed grain which constitutes a profit inuring to the benefit of those who held it in the elevators. This is what has happened while the provincial government sat by; and this government, knowing that we must give our guarantee, took no steps to impose the condition that they should acquire the wheat before it was too late.

Mr. GARDINER: The question raised by the right hon. leader of the opposition is not new. It has come up every year that seed grain has had to be supplied. It is true that in the fall of 1934 the wheat board of that time handled the transactions which were necessary to the providing of seed wheat and oats. But they did so only at the request of the provincial governments. When the provincial governments did make requests, the federal government permitted the board to act only on the condition that it was done under a special guarantee.

Mr. BENNETT: Which the federal government gave.

Mr. GARDINER: Which the federal government gave. The guarantee in connection with the oats transaction was apart from the guarantee in connection with the handling of grain for stabilization under the control of Mr. McFarland.

Mr. BENNETT: The provinces promised to recoup.

Mr. GARDINER: The provinces were held responsible, but the federal government guaranteed the accounts. That was done to provide for exactly the thing that the leader of the opposition is now suggesting might have been done this year, and ever since 1934 we have had insinuations thrown across the floor of this house that something else might have been done in 1934-35.

Mr. BENNETT: We know that Mr. Brown sold oats, if that is what you mean.

Mr. GARDINER: Well, I do not know that the right hon. gentleman knows Mr. Brown sold oats. One might say that Mr. McFarland sold oats.

Mr. BENNETT: No, we know that Mr. Brown sold oats.

Mr. GARDINER: I believe the leader of the opposition stated on the floor of the house last session that Mr. McFarland was interested in those oats that were being held at that time—

Mr. BENNETT: No, no, not those oats.

Mr. GARDINER: —and had some transactions in connection with them.

Mr. PERLEY (Qu'Appelle): We know Mr. Brown says that Mr. Gardiner sold oats over his head.

Mr. GARDINER: Of course, hon. gentlemen can say anything they like across the floor of the house, knowing they are in the house. But Mr. Gardiner has never sold a bushel of oats except those grown on his own farm.

Mr. PERLEY (Qu'Appelle): Sold for the government.

Mr. GARDINER: I may add that if the provincial government had followed the course that some of their critics would probably have preferred, they would have likely lost money on the oats of 1934. I think if hon. members examine into the accounts now, they will find that not very much has been lost; as a matter of fact, I believe they will find there is a profit. But surely no one in this house is going to suggest that any government should act otherwise than upon the experience they have had in the past in connection with a matter of this kind, and I have not any doubt but that the government of Saskatchewan has had sufficient experience in the handling of grain for seed to handle it to just as good advantage as could be done by this house or any other. The same is true of Manitoba and of Alberta. As a matter of fact last year Alberta, without consulting this government or having any communications with it, went to the wheat board and bought wheat for their seeding operations, and found out after the purchase that they had about 600,000 bushels, as I recall, more than they required. They bought it at a certain price, and later on they wanted this government to take the loss that had been incurred in connection with the purchasing of that wheat from the wheat board. This government had assumed no obligations whatsoever in connection with it, and so indicated. Later on the price of wheat went up, and the Alberta government, I understand, did not lose anything, but sold the wheat at a price equal to what they paid for it. In other words, if we in this house start to guess how high or how low wheat is going, we shall probably make as big a mistake as the farmer or anyone else who tries to guess the price of wheat.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

The CHAIRMAN: Section one is before the committee.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

On section 6—Terms of guarantee.

Mr. CAHAN: I think we should have some explanation of the thirtieth line, "unable to fulfil its guarantee in respect of the same loan." Who is to decide whether the province is unable to fulfil its guarantee? Is there any other ground for that decision than its failure to fulfil the guarantee? It strikes me that the words "is unable" should be struck out and the words "shall fail" be substituted therefor.

Mr. DUNNING: It is desirable to have the decision made upon inability rather than failure to implement. I should prefer to leave room for negotiation rather than to have the government liable on failure by the province to pay.

Mr. CAHAN: This is a guarantee to a certain bank or certain banks which advance money, and I suggest with great respect that the banks in accepting the guarantee will wish to know when it is enforceable, when the liability of the government of Canada to them shall accrue. I cannot understand its accruing under the terms mentioned here. Unable, why? Because the province has not the money? Because it is not able to raise the money? I suggest that if the banks are as careful in lending money to the provincial governments as they are in lending to corporations and individuals they will not accept a guarantee expressed in these terms.

Mr. DUNNING: The banks who are guaranteed under this legislation, and who, of course, are the parties chiefly interested in the implications of these words, did accept this form last year, and there is no doubt at all that they fully understand what is involved in this legislation and are prepared to accept it this year. I wish my hon. friend would not press me further on the point.

Mr. CAHAN: Perhaps there is some reason that should not be divulged—

Mr. DUNNING: No.

Mr. CAHAN: —but it seems to me that under this any province can simply lie back and say: We are unable to pay; we have not the money in the treasury and are unable to obtain it. Then this government becomes liable to the banks if the banks are willing to accept that excuse.

Mr. DUNNING: We should be much more directly liable if the words "shall fail to pay" were there instead of the words "unable to pay." That would leave no room for negotiation. If my hon. friend's suggestion were

incorporated in the bill and the province simply failed to pay, though not unable to pay, we should undoubtedly be automatically liable. The present wording does leave some room for negotiation in the event of a large guarantee accruing and some question arising as to what proportion the province might be able to pay.

Mr. CAHAN: Well, I will not press it further.

Section agreed to.

Sections 7 to 9 inclusive agreed to.

Bill reported, read the third time and passed.

CUSTOMS TARIFF AMENDMENT

RATE OF EXCHANGE IN COMPUTING VALUE FOR DUTY OF IMPORTS FROM COUNTRIES WITH APPRECIATED CURRENCIES

Hon. J. L. ILSLEY (Minister of National Revenue): Mr. Speaker, I should like to move the second reading of Bill No. 111, to amend the customs tariff.

Mr. BENNETT: I think you had better say, with the consent of the house.

Mr. ILSLEY: Yes, with the consent of the house.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Rate of exchange on appreciated currency in computing value for duty of imported goods.

Mr. BENNETT: I think the principle of this is entirely wrong but I have no desire to enter into a long discussion of it. It confers upon the governor in council power to do something that might be most injurious to the Canadian people. I suppose we must trust to the government not to do it; that is all. That, I dare say, is a safe assumption. At any rate it is to be hoped that they will not do it wittingly. If I buy one hundred marks' worth of goods, I have to send back $40 at the present time. As a matter of fact, assuming that you operate under this statute, $25 will pay for the goods. The duty is computed on the basis of $25, and twenty per cent on that being $5, the total duty to the buyer is $5 instead of $8 under the twenty per cent tariff. That is a reduction of 40 per cent almost.

Mr. ILSLEY: It might be proclaimed at 35, for example.

Mr. BENNETT: Many years ago we proclaimed the par value of the currencies of all countries with which we trade, and our customs tariff is predicated on those values. I am not going to repeat what I said this morning. You have the pound sterling at $4.86⅔; the yen at 49 cents and a fraction; the franc at 24 cents, the old mark at 24 cents, the lira at 24 cents, the Belgian franc at 24 cents—all that group at the same value. Those were the proclaimed values. Then when they depreciated we made provision under the dumping clause to deal with that. But I find it difficult to understand how the appreciation is going to work out. If I am a German seller and my friend the minister is a Canadian buyer, I invoice my goods to him at the equivalent of say $10; then he buys marks in settlement and pays duty on the same basis. But I invoice him in marks. The par value of the mark is 24 cents; the present value of the gold mark is 40 cents; and that immediately raises the question which mark is meant? It should be more clearly defined. There is no appreciation of other than the gold mark at the present time. The guilder of Holland was appreciated, but since Holland went off gold, I think it is down to its par value. I can see how it would work a great detriment to the Canadian producer.

Now I come to the second branch of the case. Perhaps the minister would explain clause (b).

Mr. ILSLEY: At present it would be virtually impossible for importers in Canada to import goods from Germany if they were obliged to remit 40·18 cents for each German mark of the home market value of German goods. Our Customs Act and customs tariff provide that the duty is calculated on the home market value of the goods, and if the goods are purchased at less than home market value the special or dumping duty applies. The German free mark or gold mark is so greatly appreciated in terms of Canadian currency that imports from Germany would virtually cease if importers here were actually remitting 40·18 cents per mark.

Mr. HEAPS. How are other countries meeting the situation?

Mr. ILSLEY: I fancy all countries are meeting it just as Canadian importers are, by not remitting in free marks.

Mr. BENNETT: But is not the home market price in terms of marks other than the gold mark?

Mr. CAHAN: Yes.

Mr. DUNNING: But there is no exchange value between the two. You cannot exchange one for the other.

Mr. ILSLEY: There is only one mark. The difference between certain marks is that some are restricted in their use; others are unrestricted.

Mr. CAHAN: And they are not of the same value.

Mr. ILSLEY: They are not of the same value abroad.

Mr. CAHAN: They are not of the same value in Germany.

Mr. BENNETT: The gold mark is an international mark only, to settle trade balances. I can use the travel mark or registered mark in Germany, and they fix 150 a day as the maximum I may have, except in special circumstances. That is not the gold mark at all.

Mr. ILSLEY: When I say there is only one mark, perhaps I should say there are different types.

Mr. CAHAN: They have the same name but not the same value.

Mr. ILSLEY: I understand there are seven or eight classes or types of mark. Some of these special marks can be purchased in the money markets at perhaps 30 cents, 25 cents, or 20 cents.

Mr. CAHAN: In Berlin you can exchange the gold reichsmark for enough marks of the other various classes to fill your pocket almost.

Mr. ILSLEY: At any rate, as I was saying, importers do not remit in gold marks. They have adopted the practice of purchasing special marks and remitting wholly or partly in those special marks. That is the only way they can carry on any trade with Germany. By this agreement the use of these special marks is to be discontinued, and gold marks or free marks are to be remitted for the purchase of goods. Unless something were done to meet that situation, trade with Germany would be at a standstill. So power is taken to value the reichsmark, the free mark, at less than its current value for duty purposes and dumping duty purposes.

Now let us apply clause (b) to a supposititious case. Let us suppose that under the power conferred by clause (b) the governor in council proclaims or fixes the rate of exchange of free marks at 32 cents. It still will be necessary for the purchaser, the importer of goods from Germany, to pay the home market value of the goods in Germany if he is to avoid payment of the dumping duty.

Let us suppose that the home market value of a shipment of goods is 1,000 free or gold reichsmarks, gold marks. If we proclaim the value at 32 cents we will be content if the importer remits $320; he does not have to remit anything more. And we will be content if the exporter of goods from Germany, instead of quoting the home market value of 1,000 marks, in the case I have taken, quotes 800 marks, because then if the importer remits in free marks he will remit at the rate of 40 cents a mark on 800 marks, which will be $320, and thereby avoid payment of dumping duty.

Keeping that case in mind, if hon. gentlemen followed it, I think the application of the section is clear. In cases where, under the power granted by this subsection, the governor in council shall have fixed the rate of exchange for any currency, in computing the value for duty of goods imported into Canada, special or dumping duty shall not apply when the export or actual selling price, which is 800 marks or $320, in the case I mentioned, is equal to or greater than the value for duty so computed; and where the same is less than the value for duty so computed the special or dumping duty applicable shall not be greater than the difference between the export or actual selling price and the value for duty so computed.

Mr. BENNETT: Is this not extending a special dumping duty to Germany, a special rate of dumping duty?

Mr. ILSLEY: I do not know that it is. It is not a special rate.

Mr. CAHAN: But it is a rate, and a special rate, because it is a rate fixed under special circumstances. I can understand that section applying to a country where the gold mark is the standard and where its value in Canadian currency is fixed by the exchange. But in this case all legitimate competition in exchange with respect to the value of German marks is non-existent, and the real fact is that the gold reichsmark with which the minister is dealing is a standard of value that is not found in Germany's domestic industry or trade. What I am wondering is how you are to determine the relationship between the reichsmark and the mark which is used as currency in ordinary domestic industry and trade in Germany. There is a new factor here. How are you to fix it?

Mr. ILSLEY: We do not have to.

Mr. CAHAN: You cannot apply this or a similar clause without knowing the relationship between the two, unless you are making possible the destruction of Canadian industry with which German industry comes into competition. German industry pays its wages and buys its domestic supplies by one standard, which is not the standard here. It is like using the dollar; you might pay your

wages and buy your supplies with silver dollars, whereas here you are dealing with gold dollars, and you are merely establishing a value as between Germany and Canada in international exchange in relation to gold dollars. If the silver dollar, or the depreciated dollar, is used in the currency of Germany for domestic industry and trade, how are you going to establish the relationship between the value of the so-called silver dollar, which I am using for an illustration, and the value of the reichsmark or gold dollar?

Mr. ILSLEY: Are we not concerned with only one thing, the value for duty? We are concerned with this: what is the value that we will use on which to reckon and collect our duty? That is the first thing. Secondly we are concerned when we have to ask ourselves: Is this a case where we should impose the dumping duty? And in that case we have to ask ourselves how much we will insist that the importer shall actually remit in Canadian dollars.

Mr. CAHAN: How are you to determine that?

Mr. ILSLEY: Taking the case I put, where we fix the reichsmark at 32 cents, we say that if an importer remits the equivalent of gold reichsmark, he shall remit 32 cents for each mark. That does not mean on the invoice; it means on the home market value.

Mr. CAHAN: That is what we are getting at, and this is not reichsmark gold. There is no way, as far as I can conceive, of establishing what is the German home market value, for that value is not expressed in the gold reichsmark. I may be very stupid about it, but I cannot conceive how that can be done.

Mr. ILSLEY: I do not see the difficulty. The hon. gentleman certainly has not made clear to me what would be the difficulty.

Mr. BENNETT: The difficulty is that domestic prices are not fixed in terms of the gold mark; they are fixed in terms of the mark with which they pay their wages and carry on their business, which is not the gold mark.

Mr. CAHAN: This clause evidently must pass, but how the minister or his officials can fix the relative value between the gold reichsmark and one of the eight or ten other descriptions of marks in use in Germany is something I cannot conceive. He can fix a value as between the gold reichsmark and the Canadian dollar, as heretofore, but in doing so with respect to the currencies of other countries he is fixing the value of the dollar in relation to currencies which are in common use in industry in those countries, and which determine the value for home consumption of the articles produced. How are you going to determine the relationship between your gold reichsmark—

Mr. DUNNING: There is a constantly ascertainable relationship in Germany itself.

Mr. CAHAN: That may be so. Whether or not that is a fair value or a fair relationship I do not know, but it fluctuates from month to month and oftentimes from day to day, and I am asking how the minister will obtain the necessary data in Canada to fix the ratio from time to time. Will he have an agent in Berlin who will advise him? How will you obtain the information necessary to determine that relationship?

Mr. DUNNING: The Reichsbank is dealing in relative values of the two marks, all the time.

Mr. BENNETT: That is what the letter says.

Mr. ILSLEY: We have officers in Germany who make investigations in that country. I am not sure whether or not they are stationed there.

Mr. BENNETT: You have trade commissioners.

Mr. ILSLEY: Yes. There are fluctuations from time to time, but how could there be any real difficulty in ascertaining the value of goods in Germany in reichsmarks? The hon. member says they might be sold payable in some other sort of marks, but there would be a relationship between the other marks and the reichsmarks. It would be our duty to find out what is the home market price of the article in Germany in reichsmarks. Then we simply multiply that by the value so fixed, and we have the sum in Canadian dollars. We say to our importers: You must remit that for the article; otherwise you will be subject to dumping duty.

Mr. CAHAN: I do not wish to press it further, because I believe I have made my contention clear. I must point out, however, that you are dealing with a country which expresses in marks seven or eight different domestic currencies. No doubt they are currencies differing in value, as to domestic purchasing power and in their value for exchange purposes. Now the difference between any one of those marks and the gold reichsmark which it is necessary for you to determine is a ratio that is not determined by any commercial transactions whatsoever. It is a ratio which is arbitrarily determined by the

national bank of Germany which, to all intents and purposes, is the government bank, and which they can change as they see fit, without regard to domestic or international commercial transactions. I am simply pointing out the difficulty which I conceive to exist.

Mr. BENNETT: Leaving that for the moment, and assuming that the government is prepared to accept the responsibility for its action, we come to the next question, that of ascertaining the dumping duty. If I brought in a bill of goods from England which was subject to dumping duty could the minister tell me what I would have to pay. Then tell me what I would have to pay if the same bill of goods were brought in from Germany —both subject to dumping duty?

Mr. ILSLEY: England is about at par.

Mr. BENNETT: No, that is not what I mean. Duty would be one thing; I would have to pay that on goods from England and from Germany. Then in the one instance I have an excise tax of three per cent, and in the other I do not have it.

Mr. ILSLEY: Correct.

Mr. BENNETT: The next thing is the dumping duty.

Mr. ILSLEY: Yes.

Mr. BENNETT: What dumping duty, not in value but in terms of formulae applied, would I have to pay for the goods from England, and what on those from Germany?

Mr. ILSLEY: In the case of goods from England, you take the difference between the purchase price and the fair home market value of the goods in England. That is collectable in dumping duty.

Mr. BENNETT: At what rate is the dumping duty imposed?

Mr. ILSLEY: At no rate. It is the difference.

Mr. BENNETT: I just wished to have that clear. It is just the difference.

Mr. ILSLEY: Yes, the difference between the two.

Mr. BENNETT: And what in Germany?

Mr. ILSLEY: Under this arrangement?

Mr. BENNETT: Yes.

Mr. ILSLEY: It would be the difference between the two, converting German reichsmarks into Canadian dollars at the rate we fix.

Mr. BENNETT: Yes, quite; that is all I wanted to know.

Section agreed to.

Mr. BENNETT: On division.

Bill reported, read the third time and passed.

WAYS AND MEANS

CUSTOMS TARIFF

The house in committee of ways and means, Mr. Sanderson in the chair.

Customs tariff—438c. Ammeters; arm rests and wheel housing lining of indurated fibre, pressed to shape; axle housings, one piece welded, machined or not; carburetors and parts thereof; chassis frames and steel shapes for the manufacture thereof; cigar and cigarette lighters, whether in combination with a cigarette holder or not, including base, and parts thereof; control ventilator gear box; cylinder lock barrels, with or without sleeves and keys thereof; dash heat indicators; electric gear shift switches and parts thereof; engine speed governor units and parts thereof; front axle cross channel king pin support section assembly of steel, in the rough; fuel pumps, vacuum pumps and combinations thereof and parts therefor; gasoline gauges and parts thereof; hinges and parts thereof, finished or not, for bodies; horns and parts thereof; instrument bezel assemblies and parts thereof; instrument board lamps; locks, electric ignition, steering gear, transmission, or combinations of such locks, and parts thereof; mouldings of metal, with nails set in position, lead filled or not; oil filters and parts thereof; oil gauges and parts thereof; pipe lines of metal tubing, rigid or flexible, covered or not, with or without fittings, and tubing therefor, for fuel, air, or liquid for actuating hydraulic brakes; purifiers for air, and parts thereof; purifiers for oil, and parts thereof; radiator, hood and other grills, assembled or not, but not polished nor plated, and not to include finish or decorative moulding; radiator ornaments, and hood lift lock ornaments, unplated, and parts thereof; radiator shutter assemblies, automatic; radiator water gauges; radiator shells and parts thereof, not plated nor metal finished in any degree; shackles, bearing spring, and parts thereof; speedometers and parts thereof; spring covers of metal and closing strips or shapes therefor; stampings, body, cowl, hood, fender and instrument board, of metal in the rough, trimmed or not, but not metal finished in any degree; starter switch assembly and parts thereof; steering wheels, rims and spiders therefor; sun visor blanks of gypsum weatherboard; thermostats and parts thereof; throttle, spark and choke assemblies, including buttons therefor, and parts thereof; tire clamping rings of steel, plated or not; universal joint ball assemblies; voltage control regulators; windshield wipers and parts thereof; all of the foregoing when of a class or kind not made in Canada and for use in the manufacture or the repair of the goods enumerated in tariff items 424 and 438a or for use in the manufacture of parts thereof: British preferential tariff, free; intermediate tariff, 20 per cent; general tariff, 30 per cent.

(1) Provided, that if the above articles are imported for use as original equipment by a manufacturer of automobiles, motor vehicles, electric trackless trolley buses or chassis enumerated in tariff items 438a and 424 whose total factory output during the year in which importation is sought does not exceed ten thousand complete automobiles, motor vehicles, electric trackless trolley buses or chassis, and provided that not less than fifty per centum of the factory cost of production of such automobiles,

motor vehicles, electric trackless trolley buses or chassis, not to include duties and taxes, is incurred in the British empire, the rates of duty under this item shall be: British preferential tariff, free; intermediate tariff, free; general tariff, 25 per cent.

(2) Provided, that if the above articles are imported for use as oroginal equipment by a manufacturer of automobiles, motor vehicles, electric trackless trolley buses or chassis enumerated in tariff items 438a and 424 whose total factory output during the year in which importation is sought exceeds ten thousand automobiles, motor vehicles, electric trackless trolley buses or chassis, and provided that not less than sixty per centum of the factory cost of production of such automobiles, motor vehicles, electric trackless trolley buses or chassis, not to include duties and taxes, is incurred in the British empire, the rates of duty under this item shall be: British preferential tariff, free; interdemiate tariff, free; general tariff, 25 per cent.

Provided that from and after March 31, 1938, the words "sixty-five" shall be substituted for the word "sixty" in the immediately preceding proviso;

(3) Provided that the governor in council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.

Hon. CHARLES A. DUNNING (Minister of Finance): We are now on item 438c, one of the additional automobile items printed in the votes and proceedings of March 30. When we were in committee before we passed item 438b, as reported upon by the tariff board. The present item is an extension of the list of small parts. Chassis frames and steel shapes for the manufacture thereof, electric gear shift switches and parts thereof, front axle, cross channel, king pin support section assembly of steel, in the rough, vacuum pumps and combinations thereof, are added to the list of parts formerly contained in the item. The rates of duty imposed, as will be seen, are free, 20 per cent and 30 per cent.

Mr. BENNETT: Perhaps this would be the proper place to refer to what was said in the report of the tariff board in connection with the automobile inquiry.

Mr. DUNNING: That was discussed the other evening.

Mr. BENNETT: But I was not here. There are some matters which I believe to be of importance. Eliminating everything else in 1936 when the budget was under consideration, I read an extract from the report of the tariff board dealing with the price imposed on copper, brass and things of that kind. I dare say the minister will recall it. I would point out that we Canadians are paying the English price for the goods we use in the manufacture of automobiles, which involves the cost of transport across the Atlantic ocean and back again. When we were in office we endeavoured to stop this, but we did not succeed. I think we are on the highway to success and I trust the minister will continue to see that he does succeed. I am satisfied that had we been in office until this day we would have succeeded. I must say that I find it difficult to bring my mind to the state where it can accept with equanimity the production of copper and other metals in this country and then when they are used in the manufacture of articles, the Canadian must pay the manufactured price which is maintained in England, which involves the cost of transporting across the Atlantic ocean. I note the report of the board makes some slight reference to this, and states that there has been some improvement in 1936. I think it is high time the improvement was completed.

Mr. DUNNING: I can only say that I share the views of the leader of the opposition. He did not explain why he failed to attain a full measure of success in his efforts along that line.

Mr. BENNETT: I think everyone knows why.

Mr. DUNNING: It is a difficult thing to work out. This government intends to pursue the path which the right hon. leader of the opposition said did not lead to complete success in his time. I cannot boast of the improvement which has occurred in this connection since we came into office, but there has been some improvement.

Mr. BENNETT: We made some improvement and you have made some.

Mr. DUNNING: We intend to make a further improvement.

Item agreed to.

Customs tariff—438d. Front and rear axles; brakes; clutches; internal combustion engines; steering gears; magnetos; rims for pneumatic tires larger than thirty inches by five inches; transmission assemblies; drive shafts; universal joints; steel road wheels; and complete parts of the foregoing, when of a class or kind not made in Canada, and imported by manufacturers of the goods enumerated in tariff items 424 and 438a for use only in the manufacture of motor trucks, motor buses and electric trackless trolly buses, or for the manufacture of chassis for the same: British preferential tariff, free; intermediate tariff, 17½ per cent; general tariff, 27½ per cent.

(1) Provided that if the above articles are imported for use as original equipment for motor trucks, motor buses and electric trackless trolley buses, or for chassis for the same, by a manufacturer of the goods enumerated in tariff items 424 and 438a, and provided also that during the year during which importation is sought, not less than forty per centum of the

factory cost of production of such motor vehicles and chassis therefor, not to include duties and taxes, is incurred in the British Empire, the rates of duty under this item shall be: British preferential tariff, free; intermediate tariff, 7½ per cent; general tariff, 27½ per cent.

(2) Provided that the governor in council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.

Mr. DUNNING: There is no change in the rates. Universal joints and drive shafts are added.

Item agreed to.

Customs tariff—438e. Parts, n.o.p., for automobiles, motor vehicles, electric trackless trolley buses or chassis enumerated in tariff items 438a and 424, not to include wireless receiving sets, die castings of zinc, electric storage batteries, parts of wood, tires and tubes or parts of which the component material of chief value is rubber:

(1) Brake linings, and clutch facings whether or not including metallic wires or threads:

(a) when made from crude asbestos of empire origin: British preferential tariff, free; intermediate tariff, 25 per cent; general tariff, 35 per cent.

(b) when made from crude asbestos of non-empire origin: British preferential tariff, 15 per cent; intermediate tariff, 25 per cent; general tariff, 35 per cent.

(2) Automobile and motor vehicle engines, stripped, n.o.p., and complete parts thereof, n.o.p.: British preferential tariff, free; intermediate tariff, 25 per cent; general tariff, 35 per cent.

(3) Parts, n.o.p., not electro-plated, whether finished or not: British preferential tariff, free; intermediate tariff, 30 per cent; general tariff, 40 per cent.

Mr. DUNNING: It will be noted in some of these items there is an addition of electric trackless trolley buses. This is a new type of vehicle which has had an ever-widening use in Great Britain and on the continent and in connection with which it is desired to make provision in our own tariff.

Item agreed to.

Customs tariff—438f. Hot rolled strip of iron or steel with rolled or mill edge, of a class or kind not made in Canada, when imported for use in the importer's own factory, in the manufacture of the goods enumerated in tariff items 424 and 438a, or in the manufacture of parts therefor; per ton: British preferential tariff, free; intermediate tariff, free; general tariff, $8.

Mr. DUNNING: This reduces the rate on strip iron or steel.

Item agreed to.

Customs tariff—438i. Body bottom cross members and steel shapes for the manufacture thereof; bumpers, front and rear and parts thereof, including spring steel bumper plates; casket tables or platforms for hearses; destination and route sign assemblies, illuminated or not, and parts thereof; direction signals, illuminated or not; door and step mechanism, hand, vacuum or air operated, and parts thereof; door locks and catches and parts thereof; electric switches, buzzers, bells, push buttons, fuse assemblies and parts thereof; forward drive control conversion assemblies and parts thereof; lamps of all kinds, illuminating and indicating, including sockets, flanges, terminals, glassware, lenses and gaskets therefor, assembled or not, but not to include lamp bulbs; metal stampings, oiled and primed or not, and assemblies thereof; rubber fenders; seat operating mechanisms; ventilators, including motor driven fan type, and grills, and parts thereof; window operating mechanisms; all of the foregoing when imported by manufacturers of motor bus bodies, electric trackless trolley bus bodies, motor ambulances and hearses, to be used in the manufacture of such motor bus bodies, electric trackless trolley bus bodies, motor ambulances and hearses, in their own factories: British preferential tariff, free; intermediate tariff, free; general tariff, 20 per cent.

Item agreed to.

Customs tariff—445j. Electric dry shaving machines for use in removing human hair, and complete parts thereof: British preferential tariff, free; intermediate tariff, free; general tariff, 10 per cent.

Mr. TAYLOR (Nanaimo): I suggest that we should have a semicolon in place of a comma after "hair."

Mr. DUNNING: The word "and" is used.

Mr. TAYLOR (Nanaimo): But even so I should not like a shaving machine that dug into the roots of the hair.

Mr. DUNNING: The authorities around me say that the comma indicates parts of the machine and not parts of the hair.

Mr. TAYLOR (Nanaimo): I do not believe it.

Item agreed to.

Customs tariff—446d. Bottles or cylinders of steel for use as high-pressure containers for gas: British preferential tariff, free; intermediate tariff, 20 per cent; general tariff, 25 per cent.

Mr. BENNETT: The minister realizes that we are dealing with more than the average number of additions made in a budget.

Mr. DUNNING: These are in the budget items.

Mr. BENNETT: I mean it takes time to turn from one to the other to see what one we are dealing with.

Mr. DUNNING: When we find it necessary to return to the items in the votes and proceedings I shall endeavour to indicate that.

Item agreed to.

Customs tariff—447b. Forged steel rolls, hardened and ground, for use exclusively in rolling ferrous or non-ferrous metals: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—449. Steel wool, including steel wool impregnated with soap or in retail packages containing a cake of soap: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 20 per cent.

Item agreed to.

Customs tariff—451d. Papier mâché shoe buttons, shoe eyelets, corset eyelets and corset rivets, shoe eyelet hooks, shoe lace wire fasteners: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—462b. Cinematograph and motion picture cameras, 35 mm., for use by professional motion picture producers, having studios in Canada equipped for motion picture production: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 10 per cent.

Mr. DUNNING: This is because of a report from the tariff board.

Item agreed to.

Customs tariff—473a. Printing plates of all kinds for periodical publications enjoying second-class mailing privileges, the pages of which are regularly bound, wire-stitched or otherwise fastened together, and matrices, metal bases and copper shells therefor, but not to include printing plates and other articles covered by tariff item 475: British preferential tariff, free; intermediate tariff, free; general tariff, 25 per cent.

Mr. BENNETT: When the item numbers are called perhaps the minister will just say what they cover.

Mr. DUNNING: This covers printing plates for periodicals. This item is a new one which was created under the budget of last session. Prior to that some plates were dutiable at 10, 15 and 20 per cent; others at free, 15 and 20, and the composite rate provided at the last session was free, 7½ and 25. The proposal now is to remove the intermediate rate of 7½ per cent.

Item agreed to.

Customs tariff—476. (i) Surgical instruments of any material and complete parts thereof: British preferential tariff, free; intermediate tariff, free; general tariff, free. (ii) Dental instruments of any material; surgical needles; X-ray apparatus; microscopes valued at not less than 50 dollars each, retail; complete parts of all the foregoing: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 10 per cent.

[Mr. Dunning.]

Mr. DUNNING: This is splitting the item between surgical and dental instruments, and carrying out the terms of the British agreement in that regard.

Item agreed to.

Customs tariff—511. Walking sticks and walking canes, of all kinds; golf clubs and finished parts thereof; skis; racquets and racquet frames and baseball bats; balls of all kinds for use in sports, games or athletics n.o.p.: British preferential tariff, 20 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Mr. DUNNING: This is reinstating the item after taking out the fishing rods which were previously dealt with.

Mr. BENNETT: I am told that we do not manufacture walking sticks in Canada.

Mr. DUNNING: Not in a commercial way, apparently.

Item agreed to.

Customs tariff—529a. Lace and embroideries, wholly of cotton, not coloured, when imported for use exclusively by manufacturers in the manufacture of clothing, in their own factories: British preferential tariff, 7½ per cent; intermediate tariff, 12½ per cent; general tariff, 20 per cent.

Mr. DUNNING: Just deleting the words "by manufacturers"; that is all; extending the privilege of importing so that small users can buy through jobbers under the terms previously only available to manufacturers.

Mr. BENNETT: The words "by manufacturers" still remain here. They are not deleted. That is the point to which I wish to direct attention.

Mr. DUNNING: The former reading was, "when imported by manufacturers." The new wording is, "when imported for use exclusively by manufacturers." This is to assist small manufacturers who could not buy in sufficient quantities as long as it was restricted to manufacturers only.

Item agreed to.

Customs tariff—530. Lace and embroideries, wholly of cotton, coloured, when imported for use exclusively by manufacturers in the manufacture of clothing, in their own factories: British preferential tariff, 7½ per cent; intermediate tariff, 17½ per cent; general tariff, 30 per cent, and 4 cents per pound.

Mr. DUNNING: That is the same thing, exactly.

Item agreed to.

Customs tariff—532. Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly of cotton, n.o.p.;

fabrics wholly of cotton, coated or impregnated, n.o.p.: British preferential tariff, 25 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent, and 4 cents per pound.

Mr. DUNNING: A reduction of the intermediate rate on manufactures of cotton, including wearing apparel.

Mr. BENNETT: The specific duty is taken off?

Mr. DUNNING: The specific duty is removed from cotton wearing apparel.

Mr. BENNETT: A cent and a half a pound.

Item agreed to.

Customs tariff—534. Braided wick for candles or tapers, with or without core, processed or not:

(a) Imported by manufacturers of wax candles or tapers for use in their own factories in the manufacture of wax candles or tapers: British preferential tariff, free; intermediate tariff, free; general tariff, free.

(b) Imported, under such regulations as the minister may prescribe, for use exclusively in oil-burning sanctuary lamps: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. DUNNING: A rewording of two items only.

Item agreed to.

Customs tariff—556b. Slipper cloth, woven, napped on one or both sides, wholly or in part of wool, not to contain silk or artificial silk, weighing not less than 22 ounces per squire yard, when imported by manufacturers of indoor footwear, to be used exclusively in the manufacture of such articles in their own factories: British preferential tariff, free; intermediate tariff, 35 per cent; general tariff, 40 per cent and 35 cents per pound.

Mr. DUNNING: This removes the specific duty under the intermediate tariff.

Item agreed to.

Customs tariff—558c. (ii) Silk yarns wholly or partially covered with metallic strip, one pound of which shall contain not less than 10,000 yards: British preferential tariff, 12½ per cent; intermediate tariff, 22½ per cent; general tariff, 25 per cent.

Mr. DUNNING: This is silk tinsel thread, and is a reduction on all rates.

Item agreed to.

Mr. DUNNING: Now, Mr. Chairman, if members of the committee will take up Votes and Proceedings of March 30, page VI, we come to other resolutions based upon the tariff board report, items 569 (i) and (ii) and 569b.

Customs tariff—569. (i) Hats, hoods and shapes of fur felt or of wool-and-fur felt, under such regulations as the minister may prescribe: British preferential tariff, 22½ per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Customs tariff—569. (ii) Hats, hoods and shapes of wool felt: British preferential tariff, 22½ per cent and 45 cents per dozen; intermediate tariff, 30 per cent; general tariff, 35 per cent, and $1.25 per dozen.

Customs tariff—569b. Hat sweats, cap peaks, stiffening bands for the inside of hats and caps, hatters' tips and sides when cut to shape, imported by manufacturers for use exclusively in the manufacture of hats and caps in their own factories: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. DUNNING: There is a reduction in duty on these items following the report of the tariff board. Item 569 (i) deals with hats, hoods and shapes of fur felt or of wool-and-fur felt, under such regulations as the minister may prescribe. Item 569 (ii) deals with hats, hoods and shapes of wool felt; and 569b, hat sweats, cap peaks, stiffening bands for the inside of hats and caps, hatters' tips and sides when cut to shape, imported by manufacturers for use exclusively in the manufacture of hats and caps in their own factories. Those are the three items.

Mr. DEACHMAN: What is the rate on hoods and shapes?

Mr. DUNNING: The present rate.

Mr. DEACHMAN: And the proposed rate?

Mr. DUNNING: We show present and proposed rates in the Votes and Proceedings. Do I understand the present rates are asked for?

Mr. DEACHMAN: Both present and past.

Mr. DUNNING: On item 1 the present rate is British preference, 22½ per cent, which is identical with the new rate; the only change is using the word "fur" for the word "hair"—a matter of description.

Mr. BENNETT: Make the fur fly if it is going to make the hair fly.

Mr. DUNNING: Yes. My hon. friend from Huron North intends to make the fur fly. In the second item the specific duty is reduced from 75 cents to 45 cents; intermediate duty, specific is reduced from $1.25 to 90 cents; and the general remains the same in specific duty on that item. In 569b the present rates are 12½ per cent, 25 per cent and 30 per cent, and they are made free across the board.

Mr. DEACHMAN: I should like to know the ad valorem equivalents of the item dealing with hats, hoods and shapes of wool felt, under the three tariff classifications.

Mr. DUNNING: The tariff board report does not work it out precisely in the manner that my hon. friend asks for, but I think that this quotation from page 16 of the tariff board report may satisfy him.

> The English hood mentioned in the table as landing in Canada at $4, corresponds in weight with a Canadian hood quoted at $4.10. The Canadian manufacturers of wool felt hoods pointed to the Japanese situation in justification of the present rates of duty under the intermediate tariff. But there were practically no importations of wool felt hoods into Canada during 1936. It would seem that the prevailing rate of duty, together with the proclaimed valuation of the yen over the current rate of the yen, prevented any importations from Japan, but Japan is apparently ready to export since her exports to the United States increased from 288,855 dozen in 1935 to 639,871 dozen in 1936. The board has information to the effect that the largest manufacturer of wool hoods in Japan sells wool felt hoods (2¼ ounce weight) for $1.41 per dozen. These hoods can be landed in Canada at approximately $3.75.

Taking that Japanese value in Japan, it is quite conceivable that if we applied the ad valorem and specific to it in order to get the average incidence it might be even one hundred per cent, though with respect to other countries producing the same article there is a very much lower duty.

Mr. DEACHMAN: I have gone over the report carefully because it seems to me to reveal an amazing tariff against which I wish to protest. As I work out this reduction, the minister was quite right. The rate now proposed means 37 per cent against Great Britain, 85 per cent against Italy, and something like 125 per cent against Japan. On one occasion it was suggested that I was a free trader. Well, items like these would make almost anyone on earth a free trader. I recall very clearly hearing the Prime Minister say in this house, in answer to a challenge from the other side to the effect that trade was war, that trade was not war but the exchange of commodities. With that in mind I proceeded to work out the results of the exchange of certain Canadian products for these hats, hoods and shapes. Suppose we want 100 dozen of these articles and buy them from a Canadian manufacturer at the price made possible by the tariff. We have to give in exchange 400 bushels of wheat. Under free trade, if we were permitted to import these goods from England, we should give 270 bushels of wheat, and if we imported them from Italy, 180 bushels.

Mr. DUNNING: At what price are you taking wheat?

Mr. DEACHMAN: One dollar a bushel.

Mr. DUNNING: Oh well.

[Mr. Deachman.]

Mr. DEACHMAN: The minister can change it to anything he likes, as far as that goes. At $1 a bushel I am giving approximately the average price of wheat in the last fiscal year, but the minister can fix the price as he likes. What happens in that exchange? We might say to the Canadian producer of wheat "You may exchange your wheat for these goods manufactured at home and you will have to give 400 bushels, or you may exchange them with Italy and get the hoods and shapes and have 220 bushels left, and with that amount of wheat you can buy 40 or 45 pairs of boots." But the government says "No, you shall not pass." The Canadian producer is told that he can do without the boots and live by hats alone. Let me put it another way, using as an illustration one of our greatest export products, newsprint. If we pay for these hats with newsprint, we give in exchange 8 tons in Canada, 5·4 tons in England, 3·6 tons in Italy and 2·8 in Japan. I leave out Japan for the moment because I understand that the quality is not so good, and they might not be really worth the price paid for them. But working it out on a unit of Canadian products, taking the present price level, we should have to pay 5 units in Canada, 3⅜ in the United Kingdom and 2¼ in Italy.

In the French restaurants in Paris I understand that many of the waiters receive no wages but are paid in tips, but in many of the restaurants a man can earn more money in tips than the wages of an ordinary waiter. The proprietor makes him pay for his apron when he comes in the morning, and he cannot start to work until he gets his apron. What would you think if the price of the apron were higher than the tips the waiter was likely to receive? Similarly, we have imposed a tariff so high that actually for the product we buy we have to pay a sum in excess of the wages and salaries and raw materials going into the production of goods in Canada. That is made clear in the tariff board report. This is the 1937 report—it is not my opinion, it is not the opinion of a rabid free trader; it is the opinion of Mr. Justice Sedgewick and the other members of the board, and I venture to suggest that no one will say that the members of the present tariff board are tainted to the slightest degree with any free trade ideas. Let me quote from the report:

> It is difficult to defend the existence of rates of duty substantially equivalent to those now existing. It is also difficult to defend the maintenance of the wool felt hood industry in Canada except on the basis of supporting an infant industry in the expectation that within a reasonably short time it will become an

industry yielding a return to the country in the way of wages and purchases within Canada greater in value or amount than the amount which would be saved to the country if its production were purchased abroad. As the matter now stands, assuming that the United Kingdom supplied Canada's requirements of wool felt hoods at prices now current, the saving to Canada by having such hoods come in free of duty, as against buying the Canadian product at current prices would be substantially in excess of the amount now being expended by the Canadian producers in wages and for supplies and materials purchased in Canada.

This statement shows clearly that for some reason or other this is not an economic industry for Canada. We pay more for it than the industry is worth, and in the circumstances I wonder why we should be asked to do so.

Mr. BENNETT: How many people does it employ?

Mr. DEACHMAN: That is what I should very much like to know, but we are not permitted to know these things. I contend that when we have a tariff, at whatever rate, which is not a revenue tariff, when the government brings in a request for an increase in that tariff it ought in all fairness to give the number of men employed, the wages, and the amount of Canadian raw material used.

My understanding is that in this industry the raw material comes from England; there is practically none purchased in Canada. Yet here we have an industry carrying a colossal tariff of 85 per cent under the intermediate tariff, and we are asked to support an item of such proportions. The same thing was clearly told in the previous report of 1935. The plea at that time was to give it another two years. Now in 1937, after we have had this industry for six years, they say: Give it another two years. Just as we have industries established in Canada fifty or sixty years ago still pleading for more and more tariff. When are we to escape from this eternal cry for more?

Here are some of the things we are losing. We pay more in extra prices than is paid in wages. We have destroyed a market, because imports are payments which we receive for exports, and unless we are going to buy, how can we hope to sell? We destroy the home market by raising the price of the product above the level at which exchange will take place. Let me put it the other way; when we raise the price of a product to a point which is far above the natural level for that product, then those who are producing a product which is sold in the open markets of the world cannot exchange it for that product, and consequently what we have done is to destroy the home market.

After all, what are these hats and shapes? They are the raw material of the hat industry in Canada. When you have raised the price, what have you done? You have injured another industry vastly more important than this industry. I appeal to the government, I ask them to do this, I think it is only fair. This item ought to be referred back to the tariff board. I would rather that were done than the item left with the amazing tariff which now stands. Let it stand as a great Aconcaguan peak telling us how stupid we have been in regard to the tariff in the past.

Mr. BENNETT: Why not quote Everest?

Mr. DEACHMAN: Everest will do just as well, or one of the peaks in the Canadian Rockies. I just took one in South America because I thought we might develop a little trade down there. I appeal to my hon. friend to send this back to the tariff board. Or in the alternative I make this appeal: He knows the rate is too high, no one in the world knows that better than the Minister of Finance (Mr. Dunning); there is not a man within range of my voice who does not know that 85 per cent is an outrageous tariff, no matter who put it on. It is none the less so when it happens to be put on by those who have sometimes stood shoulder to shoulder with me in the fight for lower tariffs at election times—

Mr. BENNETT: Yes, that is in election times.

Mr. DEACHMAN: I realize how difficult it is for any private member to make a successful appeal to the government to do something in regard to these things. I think there is only one time in all history when that was done. I refer to the time when Cobden was making his appeal in the House of Commons in England and Sir Robert Peel crumpled up his notes, and turned and said to Sydney Herbert sitting behind him "You answer that because I cannot." I am not suggesting that I am a Cobden in this case, nor do I think I am facing a Sir Robert Peel, but I do appeal to the minister: Here is an opportunity to show the faith that should be in us. We ought to do something in regard to this item.

I have a far higher appeal that I am going to present to my hon. friend. I am sorry the Prime Minister is not here. I would appeal to him to take action on this, because it is in exact accordance with the promise made by the Prime Minister on the night following the election. Let me read this:

> The election is an unmistakeable verdict in favour of the liberation of external and internal trade.

In this case we have destroyed internal trade because we have destroyed the capacity

to buy, and with that we deny to the Canadian people the right to sell their product in the highest market and get the best value they can for it. The Prime Minister went on:

It constitutes a demand for the abolition of the extravagant increases in the tariff, together with the removal of arbitrary taxes and regulations, as imposed by the present administration, which have had the effect of strangling the commerce of the nation—

Mr. DUNNING: I hope Hansard will do the Prime Minister the justice of not attributing to him the interpolations of my hon. friend.

Mr. DEACHMAN: I was careful to show what was quotation. This copy will be given to Hansard.

—strangling the commerce of the nation, exploiting consumers, and robbing railways of business.

Mr. BENNETT: Quotation marks!

Mr. DEACHMAN: Now surely, Mr. Chairman, the proposal I make is a fair one. I do not think there is anything to justify a tariff of 85 per cent, but I know one answer that is sometimes made, and I shall finish with that. Sometimes it is said "Oh well, we have got to beware. Strange things are happening in Japan. Some time Japan may suddenly flood us with a great avalanche of stuff and we shall not know what to do when we wake up in the morning and find everything we need lying all around the house. Since, I think, 1858, when the gates of Japan were opened to the trade of the world, in all that period of time Japan has been sending her products into the markets of the world, and in all that time Japan has bought back dollar for dollar. When she sold products abroad, she bought back an equivalent volume of products from the countries of the world. It does not necessarily follow that she would buy from Canada, but she would buy from some country, and I submit that when there are goods to be shipped to the countries of the world from Japan, Canada will get her share.

What would happen to-morrow supposing by some miracle Japan were able to increase her production ten times? Would we be ruined? Would the nations of the world be ruined? No, because Japan would have to buy ten times as much. If she increased her exports ten times, she would have to buy back ten times the present volume, and if our trade increased correspondingly we would be buying $40,000,000 worth from Japan and selling her $190,000,000 worth. My hon. friend shakes his head, but if we could increase our markets to that extent our unemployment problem would be solved, and there would be no other great problem to settle for Canada, for that is the primary and outstanding problem. I make this appeal to my friend the minister to-night: Will he at least do this, bring that duty down to a point which can be considered reasonable, and not leave it at the appalling height of 85 per cent? A tariff proposed by Liberals for the purpose of opening up the markets of the world and expanding trade, and there it stands—at 85 per cent!

Mr. BENNETT: No cheers from the other side.

Mr. DUNNING: My responsibility is evidently a great one in connection with what is, after all, rather a minor item. We should place things in their proper perspective. In the first place, lest there should be an inclination on the part of members of the committee or those outside of this house to believe that there is a duty of 85 per cent or 185—I forget which my hon. friend said—on all hats and shapes, I call the attention of the committee to the first item now under discussion, on which the rate under the British preference is a straight ad valorem of 22½ per cent, intermediate 30 per cent, and general tariff 35 per cent.

With respect to the second item, upon which my hon. friend founded his argument, I think it is essential that this committee should look at this industry in the manner that the government had to look at it in reaching a decision whether or not the reductions advised by the tariff board should be proposed to this house. It becomes important in the light of what we have just listened to. But mark that what is proposed is a material reduction as compared with the existing tariff. This industry started in Canada only a few years ago, one plant I believe in 1931 and another in 1932. At that time, by means of fixed valuations under section 43 of the customs tariff, rates of tariff were created in connection with the industry, but the government of the day referred to the tariff board the question relating to this industry. In 1935 the tariff board reported as to what it believed at that time was the tariff necessary, and in that report, as my hon. friend from Huron North has said, indicated that the rates proposed should be reviewed again within two years and that the valuations under section 43 should cease.

Reference was made to the tariff board again in two years, and the reductions here proposed are the result of the further hearing in connection with this item, 569 (ii), which

took place last summer. Again I quote from paragraph 8 of the report of the board, appearing at page 23:

The board's suggestions as to the reductions of duties in the light of facts found are based on the assumption that a further period of, say, two years will be given to the industry in which to demonstrate that it will be ready and able to accept reductions of duties to rates more in line with those existing generally in respect of semi-manufactured goods. If effect is given to the board's findings the reduction in the effective protection under the intermediate tariff will be, in view of the conditions mentioned in paragraph (6) of this summary, the full amount of the reduction proposed in a specific duty; under the British preferential tariff where the increase in wool costs operates in favour of the Canadian manufacturer the increase of 25 cents per dozen for wool hoods in 1937 as against the same article in 1936 amounts to an increase . . .

Then paragraph 9:

The evidence submitted satisfies the board that the price paid by the consumer in Canada for hats of wool felt is substantially the same as is now paid in other countries which would ordinarily be compared with Canada. Competition in the completed hat is very keen and retail prices are low.

I read that extract in order to complete the story of this industry. The government, then, was faced with the question whether it should accept this further report of the tariff board, which was the second successive report within two years recommending a reduction in the effective rates of duty on this class of goods —whether it should accept the report on the basis that further examination, looking to an additional reduction, should be made within another two years, or whether it should say "No. We will reduce the duty to a degree that will satisfy the hon. member for Huron North, being certain that in so doing the industry as it now operates, so far as that branch of it covered by 569 (ii) is concerned, will cease to exist."

I suggest to this house that I am not making a high protectionist argument when I say that having regard to the progressive reductions which have been effected it is reasonable to accept the report of the board, to bring about these further reductions and look for additional reductions two years from now. That is the view of the government; that is why the government brings this item before the house in this shape.

Mr. BENNETT: What is the production?

Mr. DUNNING: In 1935 there were 206,000 dozen wool felt hoods manufactured in Canada, with a value of $793,000. As near as I can get the imports, in 1936 they amounted to 20,600 dozen, worth $37,000. It must be remembered that the imports in 1936 were under the tariff as it has prevailed up to the present time.

I am making no argument on broad general principles whatever; I shall not attempt to compete with my hon. friend along that line. Here the government had to face a practical problem, of which I have given the history. Shall we say here to-night, "Yes, we will reduce the tariff further, and you can expect it to be reduced still more in two years," or shall we say to-night, "No, we will not accept the report of the tariff board. We will reduce the rates even more, knowing that in so doing we are preventing this branch of the industry from operating?" I have no doubt as to the facts, after looking into the matter somewhat carefully, and the government have decided to accept the present step by way of reduction, with the clear understanding that it is a step.

Mr. DEACHMAN: There is one further question I should like to ask. Of course, my hon. friend knows that the board clearly stated that in its opinion this was not an economic industry and that money must be taken from the pockets of the Canadian people to pay for it. The facts are available to my hon. friend, not to me, so would he be good enough to let us know what are the wages paid in this industry in order that we may have some idea of how much it is costing us to establish this industry in the Dominion of Canada?

Mr. DUNNING: Any information I could give my hon. friend in that regard would not be fair to the item under discussion for the reason that the only information that would be available from our records would be the wages for the whole industry, not merely that part of it which operates under item 569 (ii). There are only three firms, and I am afraid that my hon. friend would have a right to accuse me of misrepresentation if I obtained for him the wage figures applicable to the whole industry and then attempted to relate them to this one item. I do not think that would be fair. I have not the figures here in any event.

Mr. DEACHMAN: Can we go one step further, because to me this is more or less a test case—

Mr. DUNNING: Let me assure my hon. friend that with me it is not a test case at all. I just want to make that clear.

Mr. DEACHMAN: Very well; I will consider that view, but I have a different view. We have in Canada many of these industries where the tariff rate is far above the total

percentage of wages paid in the industry; that is, where the tariff rate may be forty or fifty per cent and the wage cost is probably only twenty-five per cent. I have a suggestion to make to my hon. friend, and I do not think it is too much to ask. No doubt the tariff board will be watching this industry, or it ought to be because it is one of our economic leaks, and I think they should examine it sufficiently to let us have next year the actual wage cost so that we may have an idea of what the people of Canada paid during the year in order to keep this industry on its very unstable feet.

Items agreed to.

Customs tariff—577. Collars and cuffs manufactured from cellulose plastics with or without cotton interlining: British preferential tariff, free; intermediate tariff, 20 per cent; general tariff, 25 per cent.

Item agreed to.

Customs tariff—588a. Gas for heating, cooking or illuminating, imported by pipe line, per one thousand cubic feet: Intermediate tariff, 6 cents; general tariff, 6 cents.

Mr. DUNNING: In the old schedule there was no rate under the intermediate tariff.

Item agreed to.

Customs tariff 604b. Sole leather: British preferential tariff, 12½ per cent; intermediate tariff, 27½ per cent; general tariff, 27½ per cent.

Mr. DUNNING: This is the residue of an item dealt with in the British agreement.

Mr. BENNETT: It leaves the same rate, does it not?

Mr. DUNNING: Yes.

Item agreed to.

Mr. DUNNING: I have one resolution of which I have not given notice. It is to rectify a minor error in dealing with the British agreement, and makes a downward revision in the item with which it deals, but brings it into conformity with the agreement. I will read it.

607 (part 2). Leather consisting of beef-cattle hides, horse-hides or sheep-skins, but not including suedes, cabrettas, Spanish capes or African capes, when imported by manufacturers of gloves or leather clothing, for use exclusively in manufacturing gloves or leather clothing, in their own factories: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 20 per cent.

The British preferential rate is free, and the other two are unchanged.

Mr. BENNETT: The rates are fifteen and twenty?

Mr. DUNNING: Yes.

[Mr. Deachman.]

Mr. ILSLEY: I move:

That schedule A of the customs tariff as amended by resolution No. 2 of February 25, 1937, be further amended by striking thereout tariff item 607 (part 2), and by inserting in lieu thereof the following item, enumeration and rates of customs duties.

"607 (part 2). Leather consisting of beef cattle hides, horse hides or sheep skins, but not including suedes, cabrettas Spanish capes or African capes, when imported by manufacturers of gloves or leather clothing for use exclusively in manufacturing gloves or leather clothing in their own factories: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 20 per cent.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—607a. Leather, not further finished than tanned, in whole hides, in grains, or splits, when imported by manufacturers of upholstering leathers, for use exclusively in the manufacture of upholstering leathers, in their own factories: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 15 per cent.

Mr. DUNNING: There is a change in wording, but not in rates.

Item agreed to.

Customs tariff—612. Harness and saddlery, including horse boots, n.o.p.: British preferential tariff, 17½ per cent; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

Mr. BENNETT: It is just a change in wording, is it not?

Mr. DUNNING: Yes, just the addition of n.o.p. It arises from the English saddles being given a special item.

Item agreed to.

Mr. DUNNING: The tariff items 616 to 616e inclusive are the result of a report of the tariff board which I tabled earlier, before the budget was presented. This is a downward revision of the hard rubber schedule.

Customs tariff—616. Rubber, crude, caoutchouc or India rubber, unmanufactured; powdered rubber and rubber or gutta percha waste or junk; and recovered rubber and rubber substitute: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—616d. Hard rubber, in strips or sheets not less than one-sixteenth of an inch in thickness, or in rods or tubes, but not further manufactured: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 20 per cent.

Item agreed to.

Customs tariff—616e. Hard rubber, in strips or sheets less than one-sixteenth of an inch in thickness, but not further manufactured: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—618a. Comb blanks of hard rubber, not further manufactured than pressed and vulcanized, when imported by manufacturers of hard rubber combs, for use exclusively in the manufacture of hard rubber combs, in their own factories: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. DUNNING: The rubber comb blanks are dealt with in the same report.

Item agreed to.

Mr. DUNNING: In connection with the rubber schedule I have a minor amendment which will give a little opportunity for industrial development. This will be item 618c.

Mr. ILSLEY: I move:

That schedule A to the customs tariff, as amended by resolution No. 2 of February 25, 1937, be further amended by inserting therein the following item, enumeration and rates of duty:

Customs tariff—618c. Chlorine derivatives of india-rubber insoluble in carbon tetrachloride, in sheets not exceeding two one-thousandths of an inch in thickness, coloured or not but not printed, lithographed or embossed, when for use in Canadian manufactures: British preferential tariff, free; intermediate tariff, 5 per cent; general tariff, 20 per cent.

This resolution is to provide a lower rate on a new product now being widely used in the United States for wrapping purposes. It is a fabric which has been developed from pure rubber. It is said to be waterproof, sheer, transparent, and odorless, and protective coverings made from it are meeting with a wide sale in connection with those products with which it is used.

Mr. BENNETT: It is a competitor of cellophane, except that it is waterproof.

Mr. DUNNING: It is superior in certain fields, and not as good in other fields.

Mr. BENNETT: It is a waterproof commodity.

Mr. DUNNING: The owners of the patent in the United States contemplate the immediate establishment of a factory in Canada, to manufacture shower curtains et cetera, of this fabric, which at present is not made in Canada. There is no rate for the fabric at the present time, and it would fall under the general item of 15 per cent, 25 per cent and 27½ per cent. In view of the possibility of a wide development in the use of the material, the change is proposed.

Mr. BENNETT: What are the proposed rates?

Mr. DUNNING: They are free, five and twenty.

Motion agreed to.

Item agreed to.

Customs tariff—624. Bead ornaments and ornaments of alabaster, spar, amber, terra cotta or composition; fans of all kinds; statues and statuettes of any material, n.o.p.: British preferential tariff, 20 per cent; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

Mr. DUNNING: This is an addition of the n.o.p., on account of the arrangement respecting statuettes.

Item agreed to.

Customs tariff—652. Toilet or dressing combs, n.o.p.; fancy combs, not being jewellery: British preferential tariff, 10 per cent; intermediate tariff, 25 per cent; general tariff, 27½ per cent.

Mr. BENNETT: This is a combination of many items.

Mr. DUNNING: Item 652 arises out of a tariff board report with respect to combs, and brings at least three items under one head. The rates proposed constitute a reduction in connection with the British preference of from 20 per cent as the highest rate in the former item and 15 per cent as the low rate, to a new rate of 10 per cent; under the intermediate tariff, a reduction from the highest rate of 32½ per cent and a low rate of 25 per cent to a uniform rate of 25 per cent; and under the general tariff a reduction from the highest rate of 40 per cent and a low of 25 per cent to a general rate of 27½ per cent.

Item agreed to.

Mr. DUNNING: It will be remembered that last year we made provision for mouthpieces of hard rubber and parts of pipes and mountings, meaning pipes that one smokes. Last year these were made free under the British preferential but left at 7½ per cent under the intermediate. Since that time it has developed that the industry which commenced making pipes from imported parts has found it impossible to secure suitable parts for the trade from Great Britain. Accordingly they made application to have an opportunity of utilizing parts from other countries to be brought in under the intermediate tariff. The present proposal is to make these parts free under the intermediate. The item will read:

Customs tariff—657. Mouthpieces of hard rubber in the rough, aluminum pipe fitments, pipe bowls moulded from briarwood dust, and briarwood bowls not further processed than frazed, when imported by manufacturers of tobacco pipes for use exclusively in the manufacture of such pipes in their own factories.

Mr. MACKENZIE (Vancouver): I move the item, Mr. Chairman.

Item agreed to.

Customs tariff—690a. Casual donations sent by persons abroad to friends in Canada, or brought into Canada personally by non-residents as gifts to friends, and not being advertising matter, tobacco or alcoholic beverages, when the value thereof does not exceed five dollars in any one case, under such regulations as may be prescribed by the minister: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. DUNNING: This item was mentioned in the budget. It widens the principle with regard to casual donations.

Item agreed to.

Customs tariff—693. (i) Articles imported by or for public museums, public libraries, universities, colleges or schools, and which are to be placed in such institutions as exhibits, under regulations prescribed by the minister: British preferential tariff, free; intermediate tariff, free; general tariff, free.

(ii) Violins, violas and violoncellos, manufactured more than 100 years prior to date of importation, under such regulations, including proof of antiquity, as may be prescribed by the minister: British preferential tariff, free; intermediate tariff, free; general tariff, free.

(iii) Antiquities (other than spirits or wines) produced more than 100 years prior to date of importation, under such regulations, including proof of antiquity, as may be prescribed by minster: British preferential tariff, free.

Provided that, notwithstanding anything to the contrary in this Act or in any other law or regulation relating to Customs, antiquities as described in part (ii) of this item shall, for entry thereunder, be relieved from the requirement as to origin or British Empire content.

Mr. DUNNING: This is the antique item which was referred to in the budget. I am sure it has been studied by hon. members since that time. I can give the details at great length if desired.

Item agreed to.

Custom tariff—709. (a) Goods, including containers or coverings as specified in part (b) of this item, the growth, produce or manufacture of Canada, after having been exported therefrom: British preferential tariff, free; intermediate tariff, free; general tariff, free.

(b) Bags, barrels, bottles, boxes, carboys, cartons, casks, crates, cylinders, drums, tarpaulins and other usual containers or coverings, n.o.p., filled or empty, and impact registers or recorders for use in railway cars, upon which duty has once been paid: British preferential tariff, free; intermediate tariff, free; general tariff, free.

All the foregoing under such regulations as the minister may prescribe;

Provided that the goods are returned to the exporter thereof within five years from the time of exportation, without having been advanced in value or improved in condition by any process of manufacture or other means, or combined with any other article abroad;

Provided also that any goods described in this item, upon which an allowance of drawback has been made, shall not be admitted to entry thereunder except upon payment of duties equal to the drawback allowed;

Provided further that any of such goods manufactured in bond or under excise regulations in Canada and exported shall not be admitted to entry except upon payment of the customs or excise duties to which they would have been liable had they not been exported from Canada.

Mr. DUNNING: This is a rewording in order to meet difficulties of administration. There is no change in the rates.

Item agreed to.

Mr. DUNNING: I intend to move a resolution to create a new item upon which I shall give a little information. This is to provide free entry under all tariffs for cocoa residues used in the manufacture of bromides and caffeine. There is a considerable demand in industry for caffeine and caffeine products, and the attempts of the Canadian chemical companies who cater to these requirements has found reflection in recent budgets presented to this house. In the budget of 1934 provision was made for the free entry of crude bromide. In the budget of 1936 free entry was provided under the British preferential for tea dust and sweepings when imported for use in the manufacture of caffeine. Under the new item free entry is granted to cocoa residues for use in the manufacture of bromide or caffeine.

Mr. ILSLEY: I move the item accordingly, Mr. Chairman.

Item agreed to.

Customs tariff—306d. Ornamental or decorative marble (not including chips), unicolour or variegated, of colours and/or texture not produced in Canada, rough, hammered, sawn, sand rubbed, chiselled or polished, with or without design thereon, when specially imported and used for interior work in churches and public buildings, not to include buildings operated for commercial purposes or for private gain or profit: British preferential tariff, free; intermediate tariff, free; general tariff, 35 per cent.

Mr. DUNNING: The hon. member for Greenwood (Mr. Massey) sent me a note tonight asking that we revert to item 306d. As a matter of fact, a great many representations have reached me with respect to this marble item. It will be remembered that this item was before the committee the other evening and I indicated that a reduction was being made in order to overcome the difficulty which

had been experienced for years by the Department of National Revenue through churches applying for the remission of the duty on Italian marble when used in the construction of churches.

Mr. BENNETT: For interior use.

Mr. DUNNING: Interior use in churches. The Department of National Revenue represented to me that it was very undesirable to continue an item in the customs tariff and then constantly make it inoperative by remissions of this character. In the wording of the item the words "and public buildings" are used. It has been thought a little unfair to make the free entry so broad, and I am going to ask my colleague to move that customs tariff 306d, as contained in resolution two of February 25, be amended by striking out all the words after "churches".

Mr. MASSEY: I thank the minister for considering this matter.

Mr. DUNNING: Hon. members will please now refer to page 12 of the ways and means resolutions. Resolution No. 3 involves the reinstatement of the other two columns of the tariff in connection with the items already dealt with under the British preference when we were considering the British agreement. I think we can take resolution number three without going into all the items as no changes are made in the intermediate or general rates except in four items, to which I propose to draw the attention of the committee and move the necessary amendments to make them effecitve. These changes are merely to ensure that no increase is brought about indirectly by the margin feature of the British agreement.

I now move:

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3. Resolved, That schedule A to the Customs Tariff be further amended by striking thereout tariff items 23, 65, 90(b), 105d, 105e, 141, 143a, 147(a) and (b), 178, 178c, 180, 181a, 187, 192b, 193, 194, 195, 197b, 198, 199, 219(i), 220(a) and (b), 228, 234, 236, 238a, 243, 244, 246, 247, 247a, 248, 249, 250, 252, 284, 285, 286, 288, 289, 316a, 322, 323, 326, 326a, 357, 362, 368, 369, 378(b) and (c), 380(c), 382(a), (b) and (d), 383(d), (e), (f) and (g), 385, 386(h), 388d, 392, 392a, 394(a), 396, 396a, 397(d), 398a, 402a, 402b, 407a, 410b, 410l, 410u, 410z, 414c, 415, 415d, 422, 425, 427b, 430, 430a, 432, 432a, 432b, 432d, 433, 434a, 434b, 438a, 439f, 440m, 445f, 445g, 451, 451a(i) and (ii), 451b, 462, 465, 469, 512, 518, 519, 523b, 537a, 537e, 539, 542a, 542b, 548, 549c, 551, 551a, 552, 553, 554, 554b, 555, 557b, 558c, 560a, 561, 565, 568, 568a, 568b, 572, 573, 578, 597a, 607, 608, 610, 610a, 611a, 619a, 622, 623, 624a(i), 628, 647, 653, 655, 655a, 656, 659, 670, 710(b) and (bb), the several enumerations of goods respectively and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said schedule A:

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
8a	Extracts of meat and fluid beef, not medicated.....	**10 p.c.**	30 p.c.	35 p.c.
23	Preparations of cocoa or chocolate, n.o.p., and confectionery, coated with or containing chocolate, the weight of the wrappings and cartons to be included in the weight for duty.....	**12½ p.c.**	27½ p.c.	35 p.c.
	and, per pound	2½ cts.	2½ cts.	2½ cts.
65	Biscuits, not sweetened.....	**12½ p.c.**	22½ p.c.	25 p.c.
90	Vegetables, prepared or preserved:— (b) Pickled or preserved in salt, brine, oil or in any other manner, n.o.p.....	**15 p.c.**	32½ p.c.	35 p.c.
105d	Jellies, jams, marmalades, preserves, fruit butters and condensed mince meats.....per pound	**2 cts.**	3¾ cts.	5 cts.
105e	Fruits and peels, crystallized, glacé, candied or drained; cherries and other fruits of crème de menthe, maraschino or other flavour.....	**20 p.c.**	35 p.c.	35 p.c.
122	Herring (not including kippered herring in sealed containers) packed in oil or otherwise, in sealed containers.....	**20 p.c.**	30 p.c.	35 p.c.
141	Sugar candy and confectionery, n.o.p., including sweetened gums, candied pop-corn, candied nuts, flavouring powders, custard powders, jelly powders, sweet-meats, sweetened breads, cakes, pies, puddings and all other confections containing sugar, the weight of the wrappings and cartons to be included in the weight for duty.....per pound	½ ct.	½ ct.	½ ct.
	and	**15 p.c.**	35 p.c.	35 p.c.
143a	Cigarettes, the weight of the paper covering to be included in the weight for duty.....per pound	**$3.50**	$4.10	$4.10
	and.....		25 p.c.	25 p.c.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
147	Ale, beer, porter and stout, when imported in bottles.....per gallon	**15 cts.**	50 cts.	50 cts.
	Provided, that six quart bottles or twelve pint bottles shall be held to contain one gallon.			
178	Advertising and printed matter, viz:—Advertising pamphlets, advertising show cards, illustrated advertising periodicals; price books, catalogues and price lists; advertising almanacs and calendars; patent medicine or other advertising circulars, fly sheets or pamphlets; advertising chromos, chromotypes, oleographs or like work produced by any process other than hand painting or drawing, and having any advertisement or advertising matter printed, lithographed or stamped thereon, or attached thereto, including advertising bills, folders and posters, or other similar artistic work, lithographed, printed or stamped on paper or cardboard for business or advertisement purposes, n.o.p.:—			
	(i) when produced in countries entitled to the British Preferential Tariff and relating exclusively to products of such British countries, but not relating to Canadian products.....	**Free**	.....	.....
	(ii) n.o.p.....per pound	5 cts.	12½ cts.	15 cts.
	Provided, that on importations under the Intermediate or the General Tariff, the rate of duty shall be not less than.....	.....	27½ p.c.	35 p.c.
180	Photographs, chromos, chromotypes, artotypes, oleographs, paintings, drawings, pictures, decalcomania transfers of all kinds, n.o.p., engravings or prints or proofs therefrom, and similar works of art, n.o.p.; blue prints, building plans, maps, and charts, n.o.p.	**12½ p.c.**	22½ p.c.	22½ p.c.
181a	Pictorial post-cards, greeting cards and similar artistic cards or folders.....	**20 p.c.**	32½ p.c.	35 p.c.
	and, per pound	.....	.....	5 cts.
187	Albumenized and other papers and films chemically prepared for photographers' use, n.o.p.....	**Free**	25 p.c.	30 p.c.
192b	Sandpaper, glass or flint paper, and emery paper or emery cloth.....	**12½ p.c.**	22½ p.c.	25 p.c.
192d	Electrical insulating pressboard, not less than ·040 inch in thickness.....	**Free**	25 p.c.	35 p.c.
193	Paper sacks or bags of all kinds, printed or not.....	**15 p.c.**	30 p.c.	35 p.c.
194	Playing cards, in packs or in sheet form, n.o.p.; cards and sheets partly lithographed or printed, for use in the manufacture of such playing cards.....			
	per pack or equivalent	5 cts.	7 cts.	8 cts.
	Provided, that in no case shall the duty under the British Preferential Tariff be in excess of.....	**15 p.c.**	.....	.....
195	Paper hanging or wall papers, including borders or bordering.....	**17½ p.c.**	32½ p.c.	35 p.c.
	and, per pound	.....	.....	2 cts.
197b	Wrapping paper of all kinds, not pasted, coated or embossed.....	**17½ p.c.**	30 p.c.	35 p.c.
198	Ruled and border and coated papers, boxed papers, pads not printed, papier-mâché ware, n.o.p.....	**20 p.c.**	32½ p.c.	35 p.c.
199	Papeteries, envelopes, and all manufactures of paper, n.o.p.....	**20 p.c.**	32½ p.c.	35 p.c
199f	Hand made papers, not to include mould-made deckle-edge papers, valued at not less than 40 cents per pound wholesale.....	**10 p.c.**	22½ p.c.	35 p.c.
219	(i) Solutions of peroxides of hydrogen, n.o.p.....	**12½ p.c.**	22½ p.c.	25 p.c.
220	All medicinal, chemical and pharmaceutical preparations, compounded of more than one substance, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, syrups, cordials, bitters, anodynes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters, essences and oils, n.o.p.:—			
	(a) When dry.....	**17½ p.c.**	25 p.c.	25 p.c.
	(b) Liquid, when containing not more than two and one-half per centum of proof spirit.....	**20 p.c.**	40 p.c.	40 p.c.
228	Soap powders, powdered soap, mineral soap, and soap, n.o.p.....	**20 p.c.**	32½ p.c.	32½ p.c.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
232f	Mucilage and adhesive paste.....	**15 p.c.**	25 p.c.	27½ p.c.
	and, per pound	**1½ cts.**	2½ cts.	3 cts.
234	Perfumery, including toilet preparations, non-alcoholic, viz., hair oils, tooth and other powders and washes, pomatums, pastes and all other perfumed preparations, n.o.p., used for the hair, mouth or skin.....	**15 p.c.**	40 p.c.	40 p.c.
236	Surgical dressings, antiseptic or aseptic, including absorbent cotton, lint, lamb's wool, tow, jute, oakum, woven fabric of cotton weighing not more than seven and one-half pounds per one hundred square yards, whether imported singly or in combination one with another, but not stitched or otherwise manufactured; surgical trusses and suspensory bandages of all kinds; sanitary napkins, and abdominal supports.....	**10 p.c.**	25 p.c.	35 p.c.
238a	Manufactures of pyroxylin plastics, or of which pyroxylin plastic is the component of chief value, n.o.p..	**10 p.c.**	32½ p.c.	40 p.c.
243	Dry white lead.....	**15 p.c.**	27½ p.c.	30 p.c.
244	White lead ground in oil.....	**20 p.c.**	35 p.c.	37½ p.c.
246	Oxides, fireproofs, rough stuff, fillers, laundry blueing, and colours, dry, n.o.p.....	**12½ p.c.**	20 p.c.	22½ p.c.
247	Liquid fillers, anti-corrosive and anti-fouling paints, and ground and liquid paints, n.o.p.....	**17½ p.c.**	27½ p.c.	30 p.c.
247a	Artists' and school children's colours; fitted boxes containing the same; artists' brushes; pastels, of a value of one cent per stick, or over; artists' canvas, coated and prepared for oil painting.....	**Free**	27½ p.c.	30 p.c.
248	Paints and colours, ground in spirits, and all spirit varnishes and lacquers.....per gallon	**75 cents**	$1.25	$1.25
249	Varnishes, lacquers, japans, japan driers, liquid driers, and oil finish, n.o.p.....per gallon	**15 cts.**	20 cts.	20 cts.
	and	**10 p.c.**	25 p.c.	30 p.c.
250	Paris green, dry.....	**Free**	7½ p.c.	10 p.c.
252	Shoe blacking; shoemakers' ink; shoe, harness and leather dressing, and knife or other polish or composition, n.o.p.....	**12½ p.c.**	25 p.c.	27½ p.c.
265c	Halibut liver oil, crude or refined.....	**Free**	20 p.c.	22½ p.c.
281b	Firebrick, n.o.p.....	**7½ p.c.**	20 p.c.	22½ p.c.
284	Drain pipes, sewer pipes and earthenware fittings therefor, chimney linings or vents, chimney tops and inverted blocks, glazed or unglazed, n.o.p.; earthenware tiles, n.o.p.....	**20 p.c.**	32½ p.c.	35 p.c.
285	Tiles or blocks of earthenware or of stone prepared for mosaic flooring.....	**15 p.c.**	27½ p.c.	30 p.c.
286	Earthenware and stoneware, viz:—demijohns, churns or crocks, n.o.p.....	**20 p.c.**	30 p.c.	35 p.c.
288	Stoneware and Rockingham ware and earthenware, n.o.p.....	**20 p.c.**	35 p.c.	35 p.c.
289	Baths, bathtubs, basins, closets, lavatories, urinals, sinks and laundry tubs of earthenware, stone, cement, clay or other material, n.o.p.....	**15 p.c.**	35 p.c.	35 p.c.
316a	Incandescent lamp bulbs and glass tubing for use in the manufacture of incandescent lamps, and mantle stocking for gas light.....	**Free**	7½ p.c.	10 p.c.
322	Plate glass, n.o.p.....	**17½ p.c.**	30 p.c.	35 p.c.
323	Silvered glass, bevelled or not and framed or not, n.o.p.....	**20 p.c.**	30 p.c.	35 p.c.
326	(i) Demijohns or carboys, bottles, flasks, phials, jars and balls, of glass, not cut, n.o.p.; lamp chimneys of glass, n.o.p.; decanters and machine-made tumblers of glass, not cut nor decorated, n.o.p.....	15 p.c.	30 p.c.	32½ p.c.
	(ii) Opal glassware, glass tableware, cut glassware and illuminating glassware, n.o.p.....	**10 p.c.**	30 p.c.	32½ p.c.
326a	Manufactures of glass, n.o.p.....	**10 p.c.**	20 p.c.	22½ p.c.
339b	Collapsible tubes of lead or tin or lead coated with tin.....	**10 p.c.**	27½ p.c.	30 p.c.
357	Britannia metal, nickel silver, Nevada and German silver, manufactures of, not plated, n.o.p.....	**15 p.c.**	35 p.c.	40 p.c.
362	Articles consisting wholly or in part of sterling or other silverware, n.o.p.; manufactures of gold or silver, n.o.p.....	**20 p.c.**	37½ p.c.	45 p.c

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
368	Clocks, time recorders, clock movements, clockwork mechanisms, and clock cases	**15 p.c.**	30 p.c.	35 p.c.
	Provided, that when imported under the Intermediate or the General Tariff, the duty shall not be less than.....each	.....	50 cts.	50 cts.
369	Parts of clock movements or of clockwork mechanisms, finished or unfinished, not including plates..	**10 p.c.**	25 p.c.	25 p.c.
377e	Wrought or puddled iron in the form of billets, bars, rods, sheets, strips or plates.....	Free	.....	.....
377f	Bars or rods, of iron or steel, hot rolled, viz:—Rounds over 4⅞ inches in diameter and squares over 4 inches.....per ton	**Free**	$7.00	$7.00
378	Bars and rods, of iron or steel; billets, of iron or steel, weighing less than 60 pounds per lineal yard:—			
	(b) Not further processed than hammered or pressed, n.o.p.....	**10 p.c.**	25 p.c.	30 p.c.
	(c) Cold rolled, drawn, reeled, turned or ground, n.o.p.....	**10 p.c.**	25 p.c.	30 p.c.
380	Plates of iron or steel, hot or cold rolled:—			
	(c) Flanged, dished or curved, n.o.p.....	**5 p.c.**	25 p.c.	30 p.c.
382	Hoop, band or strip, of iron or steel:—			
	(a) Hot rolled, ·080 inch or less in thickness, n.o.p.	**5 p.c.**	15 p.c.	15 p.c.
	(b) Hot rolled, more than ·080 inch in thickness, n.o.p.....per ton	**$3.00**	$8.00	$8.00
	(d) Cold rolled or cold drawn, more than ·080 inch in thickness, n.o.p.....	**12½ p.c.**	27½ p.c.	30 p.c.
383	Sheets, plates, hoop, band or strip, of iron or steel:—			
	(d) Coated with metal or metals, n.o.p.....	**5 p.c.**	12½ p.c.	15 p.c.
	(e) Coated with paint, tar, asphaltum or otherwise coated, n.o.p.....	**5 p.c.**	12½ p.c.	15 p.c.
	(f) Coated with vitreous enamel, n.o.p.....	**10 p.c.**	20 p.c.	25 p.c.
	(g) Corrugated, coated or not.....	**10 p.c.**	20 p.c.	25 p.c.
385	Sheets, plates, hoop, band or strip, of iron or steel, hot rolled, valued at not less than five cents per pound, n.o.p.....	**Free**	12½ p.c.	15 p.c.
386	Sheets, plates, hoop, band or strip, of iron or steel, as hereunder defined, under regulations prescribed by the Minister:—			
	(h) Sheets, plates, hoop, band or strip, hardened, tempered or ground, not further manufactured than cut to shape, without indented edges, when imported by manufacturers of saws for use exclusively in the manufacture of saws, in their own factories.....	**Free**	10 p.c.	12½ p.c.
388d	Iron or steel angles, beams, channels, columns, girders, joists, piling, tees, zees and other shapes or sections, punched, drilled or further manufactured than hot rolled or cast, n.o.p.....	**20 p.c.**	35 p.c.	40 p.c.
392	Forgings, of iron or steel, in any degree of manufacture, n.o.p.....	**17½ p.c.**	27½ p.c.	30 p.c.
392a	Forgings of iron or steel, in any degree of manufacture, hollow, machined or not, not less than 12 inches in internal diameter; and all other forgings, solid or otherwise, in any degree of manufacture, of a weight of 20 tons or over.....	**Free**	27½ p.c.	30 p.c.
394	Axles and axle bars, n.o.p., and axle blanks, and parts thereof, of iron or steel:—			
	(a) For railway vehicles, including locomotives and tenders.....	**7½ p.c.**	27½ p.c.	30 p.c.
396	Pipe, cast, of iron or steel, valued at not more than five cents per pound.....per ton	**$5.00**	$12.00	$14.00
396a	Pipe, cast, of iron or steel, n.o.p.....	**Free**	7½ p.c.	10 p.c.
397	Pipes and tubes, of wrought iron or steel, plain or coated:—			
	(d) N.o.p.....	**12½ p.c.**	27½ p.c.	30 p.c.
398a	Pipes and tubes of iron or steel, seamless, cold drawn, plain ends, polished, valued at not less than five cents per pound; steel tubes, welded or seamless, more than 10½ inches in diameter, with plain ends, when imported for use exclusively in the manufacture or repair of rolls for paper-making machinery..	**Free**	15 p.c.	30 p.c.
402a	Woven or welded wire fencing, of iron or steel, coated or not, n.o.p.; wire cloth or wire netting, of iron or steel, coated or not.....	**20 p.c.**	35 p.c.	35 p.c.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
402b	Woven netting, of iron or steel, coated, made from wire of 17 gauge or heavier, with meshes not smaller than one inch and not larger than two inches, with specially strengthened joints, when for use exclusively on fur farms, under regulations prescribed by the Minister	**12½ p.c.**	27½ p.c.	30 p.c.
407a	Chains, of iron or steel, n.o.p., and complete parts thereof	**15 p.c.**	30 p.c.	35 p.c.
410b	Machinery and apparatus for use exclusively in washing or dry cleaning coal at coal mines or coke plants; machinery and apparatus for use exclusively in producing coke and gas; machinery and apparatus for use exclusively in the distillation or recovery of products from coal tar or gas; and complete parts of all the foregoing, not to include motive power, tanks for gas, nor pipes and valves 10½ inches or less in diameter	**Free**	10 p.c.	12½ p.c.
410l	Ore crushers, rock crushers, stamp mills, grinding mills, rock drills, percussion coal cutters, coal augers, rotary coal drills, n.o.p., and complete parts of all the foregoing, for use exclusively in mining, metallurgical or quarrying operations	**5 p.c.**	20 p.c.	25 p.c.
410u	Blowers, of iron or steel, n.o.p., for use in the smelting of ores, or in reduction, separation or refining of metals, ores or minerals; rotary kilns, revolving roasters and furnaces of metal, n.o.p., for use in the roasting of ore, mineral, rock or clay; furnace slag trucks and slag pots, n.o.p.; and integral parts of all the foregoing	**12½ p.c.**	17½ p.c.	20 p.c.
410z	Machinery and apparatus, n.o.p., and complete parts thereof, for the recovery of solid or liquid particles from flue or other waste gases at metallurgical or industrial plants, not to include motive power, tanks for gas, nor pipes and valves 10½ inches or less in diameter	**5 p.c.**	10 p.c.	12½ p.c.
414c	Adding, bookkeeping, calculating and invoicing machines and complete parts thereof, n.o.p.	**Free**	20 p.c.	25 p.c.
415	Electric vacuum cleaners and attachments therefor; hand vacuum cleaners; and complete parts of all the foregoing, including suction hose, n.o.p.	**5 p.c.**	20 p.c.	25 p.c.
415d	Sewing machines, with or without motive power incorporated therein; complete parts of sewing machines	**5 p.c.**	15 p.c.	25 p.c.
422	Street or road rollers and complete parts thereof	**Free**	30 p.c.	30 p.c.
425	Lawn mowers	**10 p.c.**	30 p.c.	32½ p.c.
427b	Ball and roller bearings	**Free**	27½ p.c.	35 p.c.
427h	Motion picture projectors, arc lamps for motion picture work, motion picture or theatrical spot lights, light effect machines, motion picture screens, portable motion picture projectors complete with sound equipment; complete parts of all the foregoing, not to include electric light bulbs, tubes, or exciter lamps	**Free**	15 p.c.	35 p.c.
430	Nuts and bolts with or without threads, washers, rivets, of iron or steel, coated or not, n.o.p.; nut and bolt blanks, of iron or steel per one hundred pounds and	**25 cts.** **7½ p.c.**	50 cts. 20 p.c.	75 cts. 25 p.c.
430a	Hinges and butts, of iron or steel, coated or not, n.o.p.; hinge and butt blanks, of iron or steel per one hundred pounds and	75 cts. **5 p.c.**	75 cts. 27½ p.c.	75 cts. 30 p.c.
431f	Files and rasps	**Free**	35 p.c.	35 p.c.
431g	Fixed or stationary meters, of a size or capacity not made in Canada, for hydraulic engineering; gauges, indicators and recorders for water or other liquid levels, volume or flow, of a class or kind not made in Canada	**Free**	20 p.c.	35 p.c.
432	Hollow-ware, of iron or steel, coated or not, n.o.p.	**10 p.c.**	27½ p.c.	30 p.c.
432a	Kitchen and dairy hollow-ware of iron or steel, coated with tin, including cans for shipping milk or cream, not painted, japanned or decorated	**15 p.c.**	27½ p.c.	30 p.c.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
432b	Hollow-ware, of iron or steel, coated with vitreous enamel	**17½ p.c.**	32½ p.c.	35 p.c.
432d	Manufactures of tinplate, painted, japanned, decorated or not, and manufactures of tin, n.o.p.	**15 p.c.**	27½ p.c.	30 p.c.
433	Baths, bathtubs, basins, closets, lavatories, urinals, sinks, and laundry tubs of iron or steel, coated or not	**5 p.c.**	25 p.c.	35 p.c.
434a	Motor rail cars or units for use on railways, and chassis for same; complete parts of the foregoing	**Free**	30 p.c.	35 p.c.
434b	Steel wheels for use on railway rolling stock, viz:—			
	(i) Pressed steel	7½ p.c	30 p.c.	35 p.c.
	(ii) N.o.p.	7½ p.c	27½ p.c.	30 p.c.
438a	Automobiles and motor vehicles of all kinds, n.o.p.; electric trackless trolley buses; chassis for all the foregoing	**Free**	17½ p.c.	27½ p.c.
	Provided, that machines or other articles mounted on the foregoing or attached thereto for purposes other than loading or unloading the vehicle shall be valued separately and duty assessed under the tariff items regularly applicable thereto.			
439f	Children's carriages, sleds and other vehicles; complete parts of all the foregoing	**15 p.c.**	30 p.c.	35 p.c.
440m	Engines and complete parts thereof, when imported for use only in the equipment of aircraft	**Free**	25 p.c.	27½ p.c.
445f	Electric dynamos or generators and transformers, and complete parts thereof, n.o.p.	**15 p.c.**	33⅓ p.c.	37½ p.c.
445g	Electric motors, and complete parts thereof, n.o.p.	**15 p.c.**	33⅓ p.c.	37½ p.c.
445n	Electrical instruments and apparatus of precision of a class or kind not made in Canada, viz:— meters or gauges for indicating and/or recording altitude, amperes, comparisons, capacity, density, depth, distance, electrolysis, flux, force, frequency, humidity, inductance, liquid levels, ohms, operation, power factor, pressure, space, speed, stress, synchronism, temperature, time, volts, volume, watts; complete parts thereof	**Free**	25 p.c.	30 p.c.
446f	Cellulose acetate film reinforced with wire mesh	**Free**	25 p.c.	35 p.c.
446g	Electric welding apparatus, not including motors	**10 p.c.**	25 p.c.	30 p.c.
451	Buckles, clasps, eyelets, hooks and eyes, dome, snap or other fasteners of iron, steel, brass or other metal, coated or not, n.o.p. (not being jewellery)	**15 p.c.**	27½ p.c.	30 p.c.
451a	(i) Spring-beard needles and latch needles	**10 p.c.**	30 p.c.	35 p.c.
	and, per thousand	.....	$1.50	$1.50
	(ii) Needles, of any material or kind, n.o.p.	**10 p.c.**	30 p.c.	35 p.c.
451b	Pins manufactured from wire of any metal, n.o.p.	**17½ p.c.**	27½ p.c.	30 p.c.
	and, per pound	.....	10 cts.	10 cts.
462	Philosophical, photographic, mathematical and optical instruments, n.o.p.; speedometers, cyclometers and pedometers, n.o.p.; complete parts of all the foregoing	**7½ p.c.**	25 p.c.	30 p.c.
465	Signs of any material other than paper, framed or not; letters and numerals of any material other than paper	**10 p.c.**	25 p.c.	30 p.c.
469	Machine card clothing	**10 p.c.**	20 p.c.	25 p.c.
511b	Fishing rods	**Free**	30 p.c.	35 p.c.
512	Picture frames and photograph frames, of any material	**17½ p.c.**	27½ p.c.	30 p.c.
518	Billiard tables, with or without pockets, and bagatelle and other game tables or boards, cues, balls, cue-racks and cue-tips	**17½ p.c.**	30 p.c.	35 p.c.
519	House, office, cabinet or store furniture of wood, iron or other material, and parts thereof, not to include forgings, castings and stampings of metal, in the rough	**15 p.c.**	37½ p.c.	45 p.c.
523b	Woven fabrics, wholly of cotton, printed, dyed or coloured, n.o.p.	**20 p.c.**	27½ p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.
523j	Shadow cretonnes, wholly of cotton, with printed warp and plain weft	**12½ p.c.**	27½ p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.
523k	Gabardines, wholly of cotton, with not less than 280 ends and picks of ply yarn per square inch	**12½ p.c.**	27½ p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
523l	Woven fabrics, wholly of cotton, composed of yarns of counts of not less than 80 and not more than 99, including all such fabrics in which the average count of the warp and weft yarns is not less than 80 and not more than 99	12½ p.c.	.....	.....
524a	Fabrics with cut weft pile, wholly of cotton or of cotton and artificial silk	5 p.c.	.....	.....
532a	Handkerchiefs, wholly of cotton	15 p.c.	30 p.c.	35 p.c.
	and, per pound	.....	1½ cts.	4 cts.
532b	Woven fabric, wholly of cotton, for covering books	15 p.c.	30 p.c.	35 p.c.
	and, per pound	.....	1½ cts.	4 cts.
537a	Rovings, yarns and warps wholly or in part of vegetable fibres, including yarn twist, cords and twines generally used for packaging and other purposes, n.o.p., not to contain silk, artificial silk nor wool	17½ p.c.	22½ p.c.	25 p.c.
537e	Rovings, yarns and warps wholly of jute, including yarn twist, cords and twines generally used for packaging and other purposes, n.o.p.	25 p.c.	30 p.c	32½ p.c.
539	Cordage, exceeding one inch in circumference, wholly of vegetable fibres, n.o.p.	17½ p.c.	22½ p.c.	25 p.c.
542a	Woven or braided fabrics not exceeding twelve inches in width, wholly or in part of vegetable fibres, n.o.p., not to contain silk, artificial silk nor wool	22½ p.c.	27½ p.c.	35 p.c.
542b	Linen fire-hose, lined or unlined	15 p.c.	32½ p.c.	35 p.c.
548	Clothing, wearing apparel and articles, made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of vegetable fibres but not containing wool, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of vegetable fibres but not containing silk, artificial silk nor wool, n.o.p.	25 p.c.	30 p.c.	35 p.c.
	and, per pound	.....	1½ cts.	4 cts.
548a	Woven dress linens containing not more than 15 p.c. by weight of cotton yarns for decorative effect	Free	30 p.c.	35 p.c.
	and, per pound	.....	3½ cts.	4 cts.
549c	Haircloth, composed of horse hair in combination with any vegetable fibre	17½ p.c.	27½ p.c.	30 p.c.
551	Yarns, composed wholly or in part of wool or hair but not containing silk or artificial silk, n.o.p.	15 p.c.	20 p.c.	22½ p.c.
	and, per pound	6 cts.	20 cts.	22½ cts.
551a	Yarns and warps composed wholly of wool or in part of wool or hair, imported by manufacturers for use exclusively in their own factories, n.o.p.	10 p.c.	17½ p.c.	20 p.c.
	and, per pound	5 cts.	15 cts.	17½ cts.
552	Felt, pressed, of all kinds, in the web, not consisting of or in combination with any woven, knitted or other fabric or material	15 p.c.	22½ p.c.	25 p.c.
	and, per pound	5 cts.	17½ cts.	20 cts.
553	Blankets of any material, not to include automobile rugs, steamer rugs, or similar articles	20 p.c.	30 p.c.	35 p.c.
	and, per pound	5 cts.	25 cts.	30 cts.
554	Woven fabrics, composed wholly or in chief part by weight of yarns of wool or hair, not exceeding in weight six ounces to the square yard, n.o.p., when imported in the gray or unfinished condition, for the purpose of being dyed or finished in Canada	17½ p.c.	25 p.c.	30 p.c.
	and, per pound	7½ cts.	17½ cts.	20 cts.
554b	Woven fabrics, composed wholly or in part of yarns of wool or hair, n.o.p.	22½ p.c.	35 p.c.	40 p.c.
	and, per pound	12 cts.	30 cts.	35 cts.
	Provided, however, that the sum of the specific and ad valorem duties imposed by this item on imports under the British Preferential Tariff shall not be in excess of 50 cents per pound.			
554e	Filter press cloth of wool	20 p.c.	35 p.c.	40 p.c.
	and, per pound	.....	30 cts.	35 cts.
555	Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of wool or similar animal fibres, but of which the component of chief value is not silk nor artificial silk, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of yarns of wool or hair, but not containing silk nor artificial silk, n.o.p.	30 p.c.	40 p.c.	40 p.c.
	and, per pound	.....	32½ cts.	35 cts.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
557b	Garnetted material wholly of silk, artificial silk or similar synthetic fibres, produced by chemical processes, obtained by disintegrating cocoons, yarns or fabrics, prepared for use; filaments or loose fibres wholly of silk, artificial silk or similar synthetic fibres produced by chemical processes, not more advanced than in the form of sliver; waste portions of unused fabrics, wholly of silk, artificial silk or similar synthetic fibres, n.o.p., not to include remnants nor mill ends	**Free**	7½ p.c.	10 p.c.
558c	(i) Rovings, yarns and warps, wholly or in part of silk, n.o.p., including threads, cords or twist for sewing, embroidering or other purposes	**15 p.c.**	22½ p.c.	25 p.c.
560a	Woven fabrics wholly or in part of silk, not to contain wool, not including fabrics in chief part by weight of artificial silk, n.o.p.	**22½ p.c.**	40 p.c.	45 p.c.
	and, per lineal yard	.....	10 cts.	10 cts.
561	Woven fabrics wholly or in part of artificial silk or similar synthetic fibres, produced by chemical processes, not to contain wool, not including fabrics in chief part by weight of silk, n.o.p.	**27½ p.c.**	40 p.c.	45 p.c.
	and, per pound	.....	40 cts.	40 cts.
565	Embroideries, lace, braids, cords, chenille, gimp, fringes and tassels, whether containing tinsel or not, nets, nettings and bobinet, n.o.p.	**22½ p.c.**	32½ p.c.	35 p.c.
566	Plaited or braided lines and cords, non-elastic, whether of tubular or of solid construction, not exceeding one inch in circumference, wholly or in chief part by weight of vegetable fibres	**17½ p.c.**	32½ p.c.	35 p.c.
568	Knitted garments, knitted underwear and knitted goods, n.o.p.	**20 p.c.**	35 p.c.	45 p.c.
	and, per pound	.....	25 cts.	30 cts.
568a	Socks and stockings:—			
	(i) of wool	**20 p.c.**	32½ p.c.	35 p.c.
	and, per dozen pairs	**30 cts.**	$1.35	$1.50
	(ii) n.o.p.	**20 p.c.**	32½ p.c.	35 p.c.
	and, per dozen pairs	.....	$1.35	$1.50
568b	Gloves and mitts of all kinds, n.o.p.	**20 p.c.**	25 p.c.	45 p.c.
572	Oriental and imitation Oriental rugs or carpets and carpeting, carpets and rugs, n.o.p.	**30 p.c.**	35 p.c.	40 p.c.
	and, per square foot	.....	15 cts.	20 cts.
573	Enamelled carriage, floor, shelf and table oilcloth, linoleum, and cork matting or carpets	**15 p.c.**	32½ p.c.	35 p.c.
	and, per pound	.....	.....	4 cts.
578	Regalia, badges and belts of all kinds, n.o.p.	**22½ p.c.**	30 p.c.	45 p.c.
597a	Musical instruments of all kinds, n.o.p.; phonographs, graphophones, gramophones and finished parts thereof, including cylinders and records therefor; and mechanical piano and organ players	**15 p.c.**	27½ p.c.	30 p.c.
604	Belting leather in butts or bends; and all leather further finished than tanned, n.o.p.	**7½ p.c.**	27½ p.c.	27½ p.c.
604a	Crust oil leather, for use in manufacturing chamois leather	**Free**	27½ p.c.	27½ p.c.
607	Leather, when imported by manufacturers of gloves or leather clothing, for use exclusively in manufacturing gloves or leather clothing, in their own factories	**Free**	7½ p.c.	10 p.c.
608	Leather, not further finished than tanned, and skins, n.o.p.	**5 p.c.**	17½ p.c.	20 p.c.
61	Belting, n.o.p.	**15 p.c.**	25 p.c.	27½ p.c.
610a	Belting of camel's hair, for machinery	**7½ p.c.**	27½ p.c.	27½ p.c.
611a	Boots, shoes, slippers and insoles of any material, n.o.p.	**22½ p.c.**	35 p.c.	40 p.c.
612a	English type saddles	**10 p.c.**	27½ p.c.	30 p.c.
619a	India-rubber clothing and clothing made from waterproofed cotton fabrics	**25 p.c.**	30 p.c.	35 p.c.
	And, in addition, on raincoats.....each	.....	50 cts.	50 cts.
622	Trunks, valises, hat boxes, carpet bags, tool bags, and baskets of all kinds, n.o.p.	**15 p.c.**	40 p.c.	40 p.c.
623	Musical instrument cases and fancy cases or boxes of all kinds, portfolios and fancy writing desks, satchels, reticules, card cases, purses, pocket-books, fly books and parts thereof	**15 p.c.**	40 p.c.	40 p.c.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff
624a	(i) Dolls; toys of all kinds, n.o.p.	**10 p.c.**	30 p.c.	40 p.c.
624b	Statues and statuettes of porcelain or earthenware...	**Free**	27½ p.c.	30 p.c.
628	Braces or suspenders, and finished parts thereof.....	**15 p.c.**	30 p.c.	35 p.c.
647	Jewellery of any material, for the adornment of the person, n.o.p.	**25 p.c.**	37½ p.c.	45 p.c.
653	Brushes of all kinds	**15 p.c.**	30 p.c.	40 p.c.
655	Pens, penholders and rulers, of all kinds	**12½ p.c.**	25 p.c.	27½ p.c.
655a	Lead pencils and crayons	**10 p.c.**	35 p.c.	35 p.c.
656	Tobacco pipes of all kinds, pipe mounts, cigar and cigarette cases, cigar and cigarette holders, and cases for the same, smokers' sets and cases therefor, and tobacco pouches	**17½ p.c.**	32½ p.c.	35 p.c.
658	Film of standard width (one and one-eighth of an inch and over) when imported for the sole purpose of having 16 millimetre reproductions made therefrom and provided that the original is re-exported within three months from date of importation, per linear foot	**Free**	3 cts.	3 cts.
659	Photographic dry plates	**15 p.c.**	27½ p.c.	30 p.c.
663f	Iodised mineral salts, for use exclusively in the feeding of animals	**Free**	25 p.c.	25 p.c.
670	Grinding wheels, stones or blocks, manufactured by the bonding together of either natural or artificial abrasives; manufactures of emery or of artificial abrasives, n.o.p.	**10 p.c.**	25 p.c.	30 p.c.
710	Coverings, inside and outside, used in covering or holding goods imported therewith, shall be subject to the following provisions, viz:—			
	(b) Usual coverings containing goods, not machinery, subject to any ad valorem duty, when not included in the invoice value of the goods they contain	**10 p.c.**	20 p.c.	20 p.c.
	(bb) Usual coverings containing machinery subject to any ad valorem duty, when not included in the invoice value of the goods they contain..	**5 p.c.**	15 p.c.	20 p.c.

Mr. DUNNING: The first amendment is to item 377e.

Customs tariff—377e. Wrought iron in the form of billets, bars, rods, sheets, strips, plates or skelp: British preferential tariff, free; intermediate tariff, 20 per cent; general tariff, 30 per cent.

It will be seen from page 17 of the ways and means resolutions that previously the rates were $2.50 and 15 per cent under the British preferential; $4.50 and 25 per cent under the intermediate, and $4.50 and 30 per cent under the general. The proposal is to make the rates free, 20 per cent and 30 per cent. The resolution which I am now proposing will confine the change to the British preferential and will thus preserve the present situation with regard to the other countries.

Mr. ILSLEY: I move accordingly.

Mr. BENNETT: I do not think the minister used the words he intended to use.

Mr. DUNNING: I propose to confine the operation of this item altogether to the British preferential column and to leave the others blank.

Mr. BENNETT: Here is the item as submitted to the committee:

377e. Wrought iron in the form of billets, bars, rods, sheets, strips, plates or skelp.

British preferential free, 20 per cent intermediate, 30 per cent general tariff.

Then in the column on page 17 marked "present rates" we have: British preferential —that is, before this budget the other day— $2.50 a ton and 15 per cent; intermediate $4.50 a ton and 25 per cent; general, $4.50 a ton and 30 per cent. If it means anything the language of the minister indicates that we are going to abandon the 20 per cent and 30 per cent and return to $4.50 a ton, plus 25 per cent and 30 per cent. That is what it must mean. To raise in that way an item after it has been submitted to the house is somewhat strange, unless there is an explanation of it.

Mr. DUNNING: The item is a new one, extracted from what would formerly be, I think, nine. I am advised we found fifteen items under which wrought or puddled iron enters at present. By reason of the peculiar development of that industry the British were anxious to have a rate which covered wrought or puddled iron in the form of billets which we do not recognize otherwise in the tariff and which we do not make in Canada. An effort was made in the rate which is quoted in the first three of the columns to evolve this composite item; but unfortunately, on ascertaining where the bearing would lie, it was found

that those rates of 20 per cent intermediate and 30 per cent general would have the effect of raising the tariff against other countries in connection with some of the items into which wrought iron or puddled iron in the form of billets, bars and rods would fall. So we are making a special item of wrought iron only for Great Britain, so that when wrought iron now enters from any other country it will fall under any one of the fifteen other classifications of tariff into which that particular item would enter. We think that is the best solution; otherwise we would have to evolve a complete wrought iron schedule for the whole tariff, and there is no need for it except with respect to imports for Great Britain. That, I think, is the explanation.

Mr. BENNETT: It does not get away from the fact that we are now increasing the tariff on this item compared with what was submitted to the house when the budget was brought down.

Mr. DUNNING: In some cases it would be an increase, and in some a decrease.

Mr. BENNETT: We might as well look at it. On page 17 of the resolutions, 377e, I see that wrought iron comes in free under the British preference and at 20 and 30 per cent under the intermediate and general tariffs respectively, and that the rate that is replaced was the rate of $4.50 a ton and 25 per cent and 30 per cent respectively under the intermediate and general tariffs. We are now going back to that rate, or else whoever wrote that item certainly misled this committee. There can be no option as to that view.

Mr. DUNNING: I am sorry I do not follow the right hon. gentleman.

Mr. BENNETT: The officials of this department, who supposedly know what they are talking about, stated that the existing rate on wrought iron in the form of billets and bars and rods, and so on, was $4.50 a ton and 25 per cent under the intermediate tariff, and $4.50 a ton and 30 per cent under the general tariff. They put that down in black and white and handed it to us, and upon that information we arrived at our conclusions. They said that the British preferential rate was $2.50 per ton and 15 per cent. They said: We propose to make that free under the British preference and reduce the rates under the intermediate and general tariffs to 20 per cent and 30 per cent respectively. Tonight we are told that the 20 per cent disappears and the 30 per cent disappears—in face of which surely it must go back to what officials said was the rate, namely $4.50 per ton and 25 per cent and 30 per cent respectively under the intermediate and general. There cannot be any doubt about that, can there?

Mr. DUNNING: In a measure that is correct, in that instead of quoting merely two former rates there should have been quoted at least ten, and very possibly fifteen. I will give my right hon. friend one illustration of what I mean by saying that our original proposal in the budget had an effect we did not foresee, in that it actually increases the rate materially. The item I have in mind is the skelp portion of the item.

Mr. BENNETT: That is what I thought.

Mr. DUNNING: As my right hon. friend will remember, formerly under the intermediate, skelp came in at 5 per cent.

Mr. BENNETT: It is the raw material of the pipe manufacturers.

Mr. DUNNING: Exactly; and we would have raised that, by the action originally proposed, to 20 per cent.

Mr. BENNETT: Quite.

Mr. DUNNING: That was not our intention; and in so far as there was an error by the officials of the department in not expanding the second set of three columns sufficiently I must take responsibility for it. I should say that on the whole there are very, very few such errors, having regard to the very complex nature of this whole document, and I apologize.

Mr. BENNETT: It is not necessary for the minister to do that. But frequently we have had three, four and five rates set out in the intermediate and general, but only two are set out here, and to that extent it is a misleading item. I quite appreciate what the hon. gentleman says, because I think many of us have received communications as to the application of that 20 per cent rate to those items which were carrying a lower rate as wrought iron raw materials.

Mr. DUNNING: As soon as this became public we discovered items covered by it that were not formerly suspected, even by officers of the National Revenue, all through the iron and steel schedule.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—398a. Pipes and tubes of iron or steel, seamless, cold drawn, plain ends, polished, valued at not less than five cents per pound; steel tubes, welded or seamless, more

than 10½ inches in diameter, with plain ends, when imported for use exclusively in the manufacture or repair of rolls for paper-making machinery: British preferential tariff, free; intermediate tariff, 20 per cent; general tariff, 30 per cent.

Mr. DUNNING: That is in precisely the same position. As it appears in schedule IV of the United Kingdom agreement, this tariff item guarantees free entry to products of that country enumerated in the classification 398a. As contained in the budget resolutions, intermediate and general rates of 20 per cent and 30 per cent respectively were provided for. Since an intermediate rate of 20 per cent would have had the effect of increasing the duty from intermediate countries on certain steel tubes imported under this item, and since any such increase was not intended but was resulting merely from a combination of two former rates within one classification, I will ask my colleague to move an amendment that the intermediate rate in question be changed to 15 per cent. This rate will conform with the guaranteed fixed margins under this item in schedule V to the agreement.

Mr. BENNETT: That was the question I intended to ask.

Mr. ILSLEY: I move:—

That the intermediate rate on tariff item 398a, as contained in resolution No. 3 of February 25, 1937, be amended to read as follows:

Intermediate tariff—15 per cent.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—434b. Steel wheels for use on railway rolling stock: British preferential tariff, 7½ per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Mr. DUNNING: This is another item of the same type. As contained in the budget resolution this item set one rate of 7½, 30 and 35 per cent in substitution for the former rates under two items, namely 7½, 30 and 35 per cent, and 15, 27½ and 30 per cent. The effect of this has been to raise from 27½ to 30 per cent the rate on certain wheels that may be imported from intermediate tariff countries, and since any such increase was not intended, and further, since there is no fixed margin guaranteed on this item, it is proposed to alter the form of the item by creating two sub-items so as to leave the rates under intermediate and general tariffs unchanged.

The changes will be:—

434b. Steel wheels for use on railway rolling stock: (i) pressed steel, British preferential tariff, 7½ per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent; (ii) n.o.p., British preferential tariff, 7½ per cent; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

That maintains the precise relationship now existing, and avoids an increase.

Mr. ILSLEY: I move:—

That tariff item 434b, as contained in resolution No. 3 of February 25, 1937, be amended to read as follows:

434b. Steel wheels for use on railway rolling stock, viz:

(i) pressed steel: British preferential tariff, 7½ per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

(ii) n.o.p.: British preferential tariff, 7½ per cent; intermediate tariff, 27½ per cent; general tariff, 30 per cent.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—519. House, office, cabinet or store furniture of wood, iron or other material, and parts thereof, not to include forgings, castings and stampings of metal, in the rough: British preferential tariff, 15 per cent; intermedate tariff 37½ per cent; general tariff, 45 per cent.

Mr. DUNNING: This is the furniture item, which will be found on page vi of the Votes and Proceedings of Tuesday, March 30. As I pointed out on a former occasion, we have a further report from the tariff board. The recent history of the furniture tariff is this. When this government came into office, importations of furniture from the United States, being then under the general tariff, carried a rate of 45 per cent ad valorem.

Mr. BENNETT: Where it still remains.

Mr. DUNNING: Where it still remains, yes. That is the point that I was coming to. Under the general tariff with the United States, which granted to that nation most favoured nation treatment, they automatically received the advantage of the intermediate tariff rates on this item and also the advantage of a discount under the French treaty, which produced an effective rate of twenty-seven per cent on furniture from the United States.

Mr. BENNETT: Thirty less ten.

Mr. DUNNING: Yes. During the negotiations the government of the United States was anxious to have the rate bound at this lower figure, but the Canadian conferers refused to accede to this request having regard to the then known condition of the industry; and shortly thereafter the furniture tariff was referred to the tariff board for inquiry. An interim report was received during the last session of parliament in which the board indicated that they were not in a position to

recommend any action. The reference was continued, resulting in the report which I tabled the other day in which the board recommends an increase in the intermediate rate to 37½ per cent which, being subject to the ten per cent reduction by reason of the French treaty, would mean an effective rate of 33⅓ per cent, as compared with an existing effective rate of 27 per cent. The board also calls attention to the disorganized state of the industry and suggests that the change here recommended should not be regarded as final but should be made the subject of further inquiry, together with notice to the industry that in the opinion of the board they should put their house in order and be in a position to work under a lower tariff than the one here recommended.

I do not propose to go into the matter in further detail at this stage. I have the report of the board before me and I have no doubt that many hon. members have read it. Suffice it to say that the industry is an important one, employing a very large number of people. Factories are located mainly in the small towns of Ontario and Quebec. The effective rate of duty after this amendment goes into force will still be some 12 per cent below the rate effective against the United States when this government came into office; and the government having given very careful consideration to the report of the tariff board has decided to recommend it, having regard to all that it contains and also the desirability of giving this industry time to re-orient itself to the changed conditions, on the understanding that a further review will be made in the near future. I will now hand the item to the chairman.

Mr. ILSLEY: I move, Mr. Chairman:

That tariff item No. 519, as contained in resolution 3 of February 25, 1937, be further amended to read:

519. House, office, cabinet or store furniture of wood, iron or other material, and parts thereof, not to include forgings, castings and stampings of metal, in the rough: British preferential tariff, 15 per cent; intermediate tariff, 37½ per cent; general tariff, 45 per cent.

Mr. J. G. ROSS (Moose Jaw): This item is of considerable importance to people throughout Canada. I do not think there is anything that is more needed to-day in practically every household than new furniture. We have gone through a hard time in the last five or six years and it is very difficult for people in Canada, no matter in what section, to replace furniture. This industry's case was put before the tariff board some time ago and a report was submitted. I have a copy of the report, sessional paper 185b, which was laid on the table on March 22, 1937. The Minister of Finance spoke of the effective rate as 27 per cent. That is the tariff, but the three per cent excise is also a tariff and is an effective rate of tariff protection. Therefore you must add to the 27 per cent, 3 per cent on the duty paid value. The duty paid value of $100 worth is $127, and with 3 per cent on top of that you get, not 27 per cent, but something between 30 and 31 per cent. The change that is to be made will mean 37½ per cent under the intermediate tariff, with 10 per cent off under the Canada-France agreement, bringing it to 33⅓ per cent; and then you add to that the 3 per cent in the same way; in other words it is 3 per cent on $133.60, which brings the tariff rate back to 37¾ per cent.

With regard to industry generally in Canada, my hon. friends opposite have made several arguments to show why there should be a tariff. I do not want to take up too much time, but I wish to enumerate some of these arguments, and I want to see what the tariff board has to say about these arguments. The first argument is that of the infant industries; the purpose of the tariff is to nurture such industries until they get on their feet. The second argument is generally that higher wages are paid in Canada and we have to compete with people whose standard of living is lower. The third argument is that wages paid to the employees in any industry increase the purchasing power in the country. The fourth is the building up of Canada on a sound economic basis in order to find markets for primary products and for raw materials. The fifth is that large imports in times of depression or business stagnation come in and dislocate the market. The sixth is that water or other low freight rates enjoyed by competing countries allow our competitors an advantage. There may be some others, but I shall deal with these.

First, the life of the furniture industry. According to the tariff board report, page 7, the furniture industry in Canada started in 1850, eighty-seven years ago. In 1890—the year before I was born—there were 1,286 plants in Canada; in 1900 there were 169, in 1920 there were 348, and they range from that to 404 in 1935. So this industry is quite an old infant. I do not think we need argue that it should be further protected by tariff in order to get it on its feet; if it is not on its feet now, it should be in the grave.

The second argument used is the number of employees, and the wages and salaries. On page 11 of the report of the tariff board we find that in 1926 there were 9,800 employed in the furniture industry in Canada. They were paid $10,457,420 in wages and they pro-

duced $31,293,442 worth of goods. I would remind the house that at that time we were under a tariff of, I believe, 27 or 30 per cent—30 per cent under the general.

In 1927 the employees numbered 11,038, wages were $12,041,421, and the product amounted to $35,733,818. It will be seen that at that time each man in the industry was receiving better than $1,000 a year.

Coming down to 1928, the employees numbered 12,539, with wages of $13,689,344, and $41,825,534 in products.

In 1929 there were 13,082 employees, $14,512,073 in wages, and $44,136,176 of products.

In 1930 the employees dropped to 11,980, wages amounted to $12,774,596—still over $1,000 per man—and $36,866,195 in products.

In 1931, the employees numbered 10,007, wages $10,047,027—it is down to the even $1,000 now—and products $27,135,171. In the following years the figures are as follows:

	Employees	Wages	Product
1932.. ..	8,348	$6,882,087	$17,998,842
1933.. ..	7,722	5,656,000	15,016,942
1934.. ..	8,423	6,497,598	17,159,155
1935.. ..	8,827	6,954,097	19,208,050

Under the higher tariff it will be noticed that the production went down, and the wages per man went down from $1,000 to $800 per year. Also by these figures it is seen that at the time we produced the most furniture in Canada, we imported the greatest amount from the United States. In 1929 the imports were $3,100,000, and in that year $44,000,000 worth was the peak of the production in Canada.

In regard to the suggested higher wages in Canada, at page 37 of the tariff board's report we find some figures. I have heard the argument around the house and in the lobbies in the last few days that the Canadian furniture industry is competing with an industry which has moved south in the United States where coloured labour is being used at very low wages.

Mr. EDWARDS: That is perfectly true.

Mr. ROSS (Moose Jaw): The tariff board does not say so. The tariff board says that taking all sections of the United States the wages paid in cents per hour in the furniture industry are 42·6, and:

	Wages paid cents per hour
In Rockford, Illinois..	44·7
Grand Rapids, Michigan.	42·0
Jamestown, New York..	49·7
Southern Indiana.	40·0
Southern States, average.. ..	38·0
Southern States, larger towns..	41·0

The lowest average wage in the United States is 38 cents per hour in the southern states. The wages in Canada, as found by the tariff board, were for Ontario 35 cents per hour in 1935, and 35·85 in 1936; in other words, over 2 cents an hour lower than for the negro in the south in the furniture industry. In Quebec province in 1935 the wages paid were 26·90 cents per hour, and 27·52 in 1937, or over 10 cents an hour lower than paid to coloured labour in the southern states. In British Columbia the wage paid was 35 cents an hour, or 3 cents lower than in the southern states. In other words, the lowest average wage paid in the United States in the furniture factories was 3 cents an hour higher than the highest average wage paid in the furniture industry in Canada. Surely that is an answer to that argument of my hon. friends. These are not my figures; they are from the report of the tariff board. It goes on further to say:

> These figures are for machine room, cabinet room and finishing department operations, and cover senior workmen engaged in the principal operations in those departments. The American rates do not include wages of helpers or those engaged in supervising capacities. The Canadian rates apply to men only, the boys having considered by the board to correspond generally to what the American source of information classifies under the title of helpers.

The report goes on to say that there are few women in the industry, and that notwithstanding that wage rates in Canada are lower than in the United States, the labour for a piece of furniture seems to cost more. But they state that wages in the furniture industry in Canada are lower than in the United States. Therefore, the second theory in support of tariffs falls to the ground.

When one goes back through the report one finds that these wages of 35 and 35·85 cents an hour in Ontario are very different from what they were a short time ago. In a letter to Mr. Campbell, of the tariff board, one of the furniture manufacturers protested that he found some of the others were not living up to the agreement between the manufacturers and the Ontario government, and he said:

> We notified the government and they in turn reported that it was even worse than what we had intimated. We reported that there were some paying as low as ten cents per hour to labour, and they told us that some were paying as low as eight cents per hour.

This is the industry for whose benefit we are asked to raise the tariff.

Mr. DUNNING: My hon. friend will forgive me for interrupting him, but at this stage of his remarks it should be noted that since the board made its report, partly as a result of the Ontario government's code arrangement, and partly following a strike in the industry there have been material increases in the rates

of wages paid, over and above the rates mentioned in the tariff board report, because the increases have been made since that report was prepared. I should tell my hon. friend also that among the applications to the government to implement the tariff board report were very strong representations from the trades unions engaged in that work.

Mr. MAYBANK: Mr. Chairman, if the hon. member will permit me to follow that interjection for just a moment, I should like to ask whether it would be possible for the minister to state whether similar wage increases have not also taken place during the same period in the United States. Perhaps the minister could give us that information.

Mr. DUNNING: That is a fairly large question to answer, as applying to the whole of a great country like the United States.

Mr. BENNETT: It does apply in Grand Rapids.

Mr. DUNNING: The right hon. leader of the opposition has knowledge of it applying in Grand Rapids. As to whether it applies further south I do not know.

Mr BENNETT: That was in connection with the money advanced by the government of the United States to re-establish the industry.

Mr. DUNNING: Oh, yes. That was in connection with a special arrangement made by the government of the United States under one of its alphabetical schemes for the re-establishment of the industry, as a result of which wage scales were established.

Mr. MAYBANK: I asked my question for the purpose of endeavouring to show, as quickly as I could, that the argument of the hon. member neutralizes the argument advanced by the minister.

Mr. DUNNING: If my hon. friend will permit me, I made no argument. I thought the fact I stated was a necessary fact which the hon. member for Moose Jaw would appreciate at that stage of his remarks, dealing with wages. I made no argument whatever.

Mr. ROSS (Moose Jaw): In reply to the minister I may say that according to the report the first rate given for wages in Ontario was 35 cents per hour for 1935 and 35·8 cents per hour for 1937. That is the change, though there may have been a further change since that time. However, while there may have been some change in the wage in part of Ontario, I do not believe there have been any wage increases in the province of Quebec.

[Mr. Dunning.]

Now, Mr. Chairman, we should look at these industries to see whether the wages paid really distribute purchasing power throughout the country. I can understand anyone advocating a tariff and bringing forward the argument that the additional cost to the people of Canada will be, say, $5,000,000, but that by the expenditure of that additional amount we will have perhaps twenty or twenty-five million dollars in wages expended throughout the country. But we do not find that to be the case in this industry. According to the figures I gave from page 11 of the tariff board report, it will be seen that the wages in the industry do not amount to thirty per cent of the value of the product; as a matter of fact, when it is worked out, it will be found that only 27⅔ per cent of the value of the products of Canadian manufacturers of furniture is spent in wages, whereas the protection is thirty per cent or more. In other words, in order to have $8,000,000 spent in wages in Canada by those employed in the furniture industry, the people of this country must pay over $9,000,000 in extra prices. Surely no one can argue that purchasing power is distributed in that way. There is an actual loss of purchasing power there. At page 43 of the report the tariff board states that the cost of furniture in Canada is about thirty per cent greater than the cost in the United States. Argument No. 4 is the building up of Canada on a sound economic basis, but surely we do not build up Canada by taking $9,000,000 away from the Canadian people in order to give back $8,000,000, and no market is thereby provided for the primary producer. At page 22 of the report it will be seen that the raw materials used in the industry are largely imported from the United States. In 1935, according to the report, soft wood consumed by the industry was valued at $451,000, most of which no doubt was purchased in Canada. In the same year, hard wood to the value of $1,802,000 was consumed in the furniture industry, most of which presumably was imported from the United States.

Then in regard to the other argument, that in times of depression, or when business is stagnant, large imports dislocate the industry, at page 13 of the tariff board report we find that in 1935 only $286,000 worth of wood furniture, or 1·4 per cent of all the furniture sold in Canada, was imported from the United States. In 1936 United States manufacturers of furniture sold in Canada, all told, some $663,000 worth of furniture; in the same year, according to the same report, Canadian manufacturers sold $21,600,000 worth of furniture. So our imports amounted to about three per cent

of the sales, and the tariff board report shows that only two per cent of that would be competitive; in other words, some of the furniture does not enter into competition with Canadian furniture. Another point to be remembered is that we are not designers of furniture. Practically all the large furniture manufacturers and many of the big departmental stores, which do some of their own manufacturing, go to the United States and buy sets of furniture which they bring to Canada in order to serve as patterns for their own furniture. A large amount of that two or three per cent is used as models. We have to place a tariff against the United States, because of the terrible competition that is ruining Canadian industry! Ruining Canadian industry, when they raised their exports to this country by $300,000, while the Canadian manufacturer increased his sales by something over $2,000,000 during the same period.

The next argument is that some countries have a lower freight rate to get into our markets than our own manufacturers enjoy. I remember that argument being used in connection with Australian butter coming in here. It was said that it could be brought across the ocean cheaper than it could be shipped from interior points to the coast. The facts in regard to the freight on furniture are at page 41 of the tariff board report, and they show that the hardwood imported from the United States costs the Canadian furniture manufacturer fifty-two cents per hundred in freight rate landed in south-western Ontario, and that it takes one carload of lumber to make four carloads of furniture. In other words, in each hundred of furniture there is thirteen cents freight on the raw material from the United States. It also shows that the cost of raw material to the American factories competing, amounts to sixteen cents per hundred or four cents per hundred on the furniture.

But as against that, if you will add the cost of the raw material to the cost of the finished product from south-western Ontario, to the market in Montreal, you will find that the Canadian manufacturer of furniture first of all pays a freight cost of thirteen cents per hundred for the raw material, and 34½ cents for the finished product, or 47½ cents per hundred; whereas his competitor from the south pays four cents on the raw material and $1.59 on the finished article, or $1.63 a hundred. Therefore there is no use arguing that there is an advantage in freight in favour of the American manufacturer.

However the tariff board does say—and they have a hard job to do it—that there are some things wrong with the furniture industry in Canada, the chief of which are that there are too many of them, that it is not an economical industry, that it is not efficiently handled, and that even if the tariff is raised, their problems will not be solved.

I shall read the summary of the report of the tariff board.

The findings of fact to the following effect are, in the judgment of the tariff board, warranted by the evidence collected at the inquiry:

(1) Furniture of wood, metal or other material in parts or finished, is now dutiable under tariff item 519 carrying rates of fifteen, thirty and forty-five per cent. The intermediate rate is subject to a discount of 10 per cent under the provisions of the Canada-France trade agreement. This discount applies to furniture imported from the United States.

(2) The Furniture Manufacturers' Association has asked for a upward revision of the intermediate tariff rate on furniture to 45 per cent.

(3) The furniture industry is distributed mainly in the smaller centres of population, in towns and villages, and generally constitutes the chief source of employment therein. The closing of a furniture factory—

And here is another good Tory argument I forgot:

The closing of a furniture factory would in many cases leave the employees entirely without any opportunity of alternative employment.

(4) The imports of wood furniture from the United States during the calendar year 1936 amounted to $663,034, showing an increase over 1935 of $376,288, or 131·23 per cent.

Terrible! Imports went from $300,000 to $600,000, while the Canadian industry increased its production by over $2,000,000. Yet they put in here the figure of 131 per cent.

Mr. BENNETT: Almost equal to the duty on hats.

Mr. ROSS (Moose Jaw): Almost. I quote again:

(5) The value of wood furniture consumed in Canada during the calendar year 1935 amounted to $19,557,578. The Canadian manufacturers have supplied 97·48 per cent and the United States 1·47 per cent of the Canadian market. On the basis of the estimated 1936 production the United States manufacturers' share of the Canadian market appears to have increased to 2·96 per cent.

(6) In ordinary circumstances the fact that the share of the Canadian consumption enjoyed by United States manufacturers is less than three per cent of that consumption would lead to the conclusion that no increase in the intermediate tariff is necessary; but certain conditions to be mentioned hereafter seem to point to the advisability of an increase.

(7) Canadian furniture manufacturers are at a disadvantage, particularly in the higher-priced furniture, as compared with United States manufacturers by reason of duties on such raw materials as veneers, vegetable glue and glass.

And I might add coal.

Mr. BENNETT: Electrical energy is used to a large extent in the factories.

Mr. ROSS (Moose Jaw): Yes, but some of them buy coal.

Mr. BENNETT: Very few, and I have seen many of them.

Mr. ROSS (Moose Jaw): When you put the tariff on for one fellow, you put the other fellow's costs up. My idea would be to cut off some of the tariff that the other man had, and allow the Canadian furniture manufacturer a better chance to make furniture in Canada.

Mr. BENNETT: That would not affect glass.

Mr. ROSS (Moose Jaw): There should not be any tariff on it at all, for that very reason.

(8) The greatest disadvantage suffered by Canadian furniture producers as against United States manufacturers is the smallness of the cut in the Canadian factory—

And they go on to say—

Mr. DUNNING: I wish the hon. member would quote it in full. If any is going on Hansard, let it all go on.

Mr. ROSS (Moose Jaw): I shall put it all on.

(8) The greatest disadvantage suffered by Canadian furniture producers as against United States manufacturers is the smallness of the cut in the Canadian factory in respect of any one piece or suite of furniture. A cut of 50 is with few exceptions a maximum in Canada, and frequently the cut is much less, while in the United States a cut of 100 is regarded as the economical minimum. The result is that labour and material costs and overhead are relatively to production much higher than in the United States.

(9) The board's investigations show that furniture in carload lots can be and is being imported from the United States into Montreal, the largest retail centre for furniture in Canada, at prices laid down duty paid below the prices at which similar Canadian furniture can be landed in Montreal from southwestern Ontario, the main source of Canadian higher-priced furniture. In considering this fact it must be borne in mind that a substantial proportion of such furniture manufactured in southwestern Ontario in 1936 was sold at a loss to meet the United States competition.

(10) The concentration of buying power in a few companies; the advantage of exclusive designs obtained by importing furniture from the United States; the power to control manufacturers' prices by means of volume purchasing power; and the threat, suggestion, or fear of importations: all these factors put the furniture manufacturers in a peculiarly vulnerable position. The fact that the existing equipment in the 404 furniture factories in Canada is far more than sufficient to supply all Canadian requirements and the consequent existence of extremely severe competition among so many Canadian plants increases the power of the large buyers to exert pressure on the manufacturers.

[Mr. J. G. Ross.]

The extremely keen competition within Canada would, in the opinion of the board, prevent any substantial increase in the price which the Canadian manufacturers could realize for their furniture even if the duties were raised to their former level.

If that is the case, I do not know what they want it for.

The absence of importations would remove only one of the elements constituting the pressure which the large volume merchants are able to bring to bear on the manufacturer.

While an increase in the intermediate tariff will not solve the problems of the Canadian furniture manufacturers an increase of such tariff to 37½ per centum, which being subject to a reduction of 10 per centum would make the effectual rate 33¾ per centum,—

That is not a fact, because you must add to the duty paid value, the three per cent. That brings it back to over 37 per cent. I continue:

—would, in the opinion of the board, accomplish the following: First, it would affect the attitude of mind of the manufacturers whose perspective has been dislocated by the sudden drop in their protection from 45 per centum to 27 per centum.

There is a new idea in making tariffs. Some years ago I remember hearing a bridge game being played in New York where a man named Jacoby made a psychic bid. This is a psychic bid by the tariff board on behalf of the furniture industry. They were shocked when their protection dropped from 45 per cent, not to 27 per cent, but to 30 per cent.

Mr. DUNNING: If you say 30 per cent, then you must start at 48 per cent.

Mr. ROSS (Moose Jaw): It would be more than 48; it would be 49.

Mr. DUNNING: Forty-five and three.

Mr. ROSS (Moose Jaw): It is 100 plus 45, which makes it 145. Put your three per cent on that, and you get 49½.

Mr. BENNETT: Not quite a half.

Mr. ROSS (Moose Jaw): I continue the quotation:

Second, it would give them an opportunity to carry on substantially as they did before the change in their protection for a period during which they might take stock of their position and perhaps work out a more economically organized industry than now exists.

In other words, they could not have an economically organized industry with 45 per cent protection. They had that protection for years and they never realized that they had to have an economically organized industry until the tariff was cut on them. Now that they have realized that, for goodness sake put the tariff up so that they can still be uneconomical!

I quote again:

The board suggests that it would be advisable and in fact necessary for the furniture manufacturers, particularly in southwestern Ontario, to begin immediately a study of their problems; and perhaps avail themselves of the conference provisions of the Dominion Trade and Industry Commission Act in an effort to preserve the industry and to maintain themselves in their position as important employers of labour in so many towns and villages in southwestern Ontario.

It will be seen from the foregoing that the board's findings are based largely on two considerations, namely: The very wide drop in the protection from 45 per centum to 30 per centum less 10 per centum thus making an effective rate of 27 per centum and what may be called the disorganized state of the industry particularly in southwestern Ontario. These considerations lead to the view that the whole situation ought to be considered again after, say, a period of two years and that any increase granted should be regarded as in the nature of a temporary relief rather than as a final view as to the amount of protection required by the industry.

In other words, does this poor infant industry which has lasted for eighty-seven years without getting on its feet, and without knowing it was decrepit, now realize that if they want to stay in business and give the people of Canada the proper kind of furniture at proper prices they will have to get down to an economical basis? No, they run right back again for more tariff. They seem to think that is the only solution. This budget came down without this change in it, and I voted in support of it. I will still vote in support of the budget without this change. It is rather late in the session to have a report laid on the table of the house embodying a change in the whole principle. I have talked lower tariffs in this house time and time again; I have talked free trade because I believe in it. I do not believe that tariffs can help the industries of this country. Certainly no industry should have a protection of forty per cent or over. If they need that much protection, they are not economical to the country.

I want my hon. friends to read what I have quoted from this report. They will then see that this tariff board, appointed by my right hon. friend opposite, had a most difficult time in finding reasons why the manufacturers of furniture in this country should be given more protection. In order properly to appreciate their minds I think one would have to sit for a time in the fisheries committee, or consult the hon. member for New Westminster (Mr. Reid), who knows a great deal about salmon. He would then find that the salmon go out to the sea and come back after four years. They pass through the strait of Juan de Fuca and then come up the streams of British Columbia. They then continue up to the little stream or brook in which they were originally spawned. This tariff board has had a lot of difficulty. They have had to jump a lot of hurdles, just like the salmon does when he goes back home to spawn.

Mr. BENNETT: He does not spawn.

Mr. ROSS (Moose Jaw): My right hon. friend had better talk to the hon. member for New Westminster. I do not think the Minister of Finance had better laugh at that either.

Mr. DUNNING: I know he does not spawn.

Mr. ROSS (Moose Jaw): Look it up and see; they all do. The salmon jump the falls and go back to the brooks in which they were spawned. Many of them die. I suggest to hon. members of this committee that there are people who act like salmon. These people should have taken the last hurdle in this country.

Mr. J. A. GLEN (Marquette): Mr. Chairman, I little thought that I would be eulogizing the tariff board as presently constituted, but I think they are entitled to some commendation from those of us who happen to be either free traders or low traders, or whatever you like to call us. This board has given a report to the house along the lines indicated by the hon. member for Huron North (Mr. Deachman). The hon. member has submitted that information should be given to the house before tariffs are fixed and that from the evidence submitted a policy could be evolved with regard to tariffs.

Here we have an industry which is quite vital as far as Canada is concerned, and which no hon. member on either side of the house has any desire to injure. But we find ourselves in this position, evidenced by the report of the tariff board, that an industry which is dying of its own inanition and is uneconomic as far as this country is concerned has to admit, on its own showing before the board, that it cannot and will not prosper under the tariff which is now imposed in its favour.

I do not propose to enter at any length into the figures given by the tariff board in its report, but I should like to indicate the picture as we have it. On many occasions, when speaking on platforms in this country of industries in the east which are battening upon the people of Canada, I endeavoured to give as best I could the evidence upon which such statements were made, and here we have

from a tariff board appointed by the late government the very material which justifies that particular argument.

It is neither pleasant nor easy for me to take the position I am taking to-night. Like the hon. member for Moose Jaw (Mr. Ross), I voted for the budget, but when I find in a supplementary item of the tariff such a departure from the convictions I hold with regard to trade, I must necessarily say so in this house and give my reasons. I do not propose to use, in proving my case, any arguments of my own; I am going to take the arguments submitted by the tariff board.

Mr. DUNNING: Will my hon. friend permit me to interrupt for a moment? When he speaks of a supplementary item, I trust he does not thereby imply any intention on the part of the government to deceive. I indicated in the budget very definitely that certain reports from the tariff board were expected and that I hoped to be able to deal with such reports while the house was in committee of ways and means. I am sure my hon. friend did not intend any such implication.

Mr. GLEN: The very opposite. I do not intend to imply anything or to indulge in any cavilling as far as the government is concerned. My only wish is that this matter could have been brought before the house at a time when we would have had more time to discuss it and when more hon. members could have taken part.

Mr. DUNNING: The report was laid on the table a few days after I received it.

Mr. GLEN: Quite so. But a matter such as this vitally affects the convictions of many in this house who, while they may not be free-traders, are low tariff men. We are now faced with a direct issue raised by the tariff board, an issue which we, holding the views we do, cannot avoid. In the argument I am submitting I intend to deal with this fact, that here is an industry which has been in existence for sixty years, and which therefore, as the hon. member for Moose Jaw has said, cannot be called an infant industry; and if during that period they have not so far put their own business in order so that they can be regarded as an economic unit in the industrial life of Canada, surely there is something wrong with that business. When one finds it contended that upon a reduction of the tariff there is a considerable influx of furniture from the United States in competition with the Canadian industry when actually less than 3 per cent is the amount supplied from the United States for consumption in Canada, and the other 97 per cent of the Canadian market is controlled as against the world by the industry which is now established in our country, one can hardly credit that there should be any fear in the minds of those who now control so enormous a percentage of the home market. Then we find that the wages paid by the industry in Canada are less than those paid to the coon niggers in the factories of the south; so the old cry that the industry in Canada has to compete with the low-class and low-priced labour of the southern United States is disposed of by the very report of the tariff board itself.

Having disposed of that, the question arises, what about the industry so far as Canada is concerned? Is it an industry that we should recompense and protect against its own inefficiency? If so, it means that so far as we the people of Canada are concerned, by this increase in the amount of the protection afforded to the industry, the government is asking us to bonus the industry because of its own inefficiency; and when the tariff board suggests a temporary period of two years during which the industry shall have time to put its house in order, the plain fact is that the Canadian people will have to pay an increased price for the keeping of that industry during that time.

I do not think that the government of the day should have accepted the report and conclusions of the tariff board. Realizing, as the government must do, the convictions of so many of us, they must know that it would create disillusionment and discontent within the ranks. I will not believe that the government are willing to accept all the recommendations of the tariff board, nor do I think the government is bound to accept them. In view of all that is happening I trust that they will not feel themselves pledged to adopt those recommendations.

Mr. DUNNING: We do not. I want to make that immediately clear to my hon. friend. The government does not feel itself bound, nor is there anything in the law which binds them to accept the report. The government spent days upon the consideration of this particular report before deciding, as a government, to recommend it to the house. The government is entirely a free agent in adopting its policy, no matter what the tariff board may say.

Mr. GLEN: I am very glad that the Minister of Finance makes that statement.

Mr. BENNETT: He has threshed that out in great detail.

Mr. GLEN: The government of this country is not bound by anything that the tariff board may recommend; they have the power

to do what they think is best in the circumstances. Let us look a little into tariff history. This is from the report of the tariff board, page 46:

For many years prior to June 2, 1931, the rates of duty applicable to house, office, cabinet or store furniture of wood, iron, or any other material, in parts or finished, were 20 per centum, 27½ per centum and 30 per centum.

The CHAIRMAN: Order. It is eleven o'clock.

Some hon. MEMBERS: Go on.

Mr. BENNETT: Some of us stay in this house all day, you know.

Item stands.

Progress reported.

NAVAL DEFENCE

STATEMENT OF THE PRIME MINISTER WITH RESPECT TO COMMUNICATION FROM RIGHT HON. SIR ROBERT BORDEN

Right Hon. W. L. MACKENZIE KING (Prime Minister): If the house will permit me I should like to make a brief statement before adjournment in reference to a communication I received to-day from Sir Robert Borden. Sir Robert mentioned in it that he had been somewhat surprised upon his return to the city and reading Hansard to find in the discussion on defence which took place in this house the other evening that I had cast aspersions on his motives and good faith in introducing in 1912 the measure with respect to the contribution of three dreadnoughts to Great Britain.

I rise immediately to say to the house, and through the house to Sir Robert Borden, that the last thought that was in my mind in speaking then, or at any time, was to cast any aspersion on his good faith with respect to any measure he introduced while he was Prime Minister. I was dealing with the construction that was put on measures in political controversy in the election of 1911, what was said in controversy between the political parties in 1912, and what was stated in this house at the time the question of emergency was brought up, and I believe that the quotations which my right hon. friend the leader of the opposition (Mr. Bennett) made from speeches of Sir Wilfrid Laurier that evening, in the course of the debate, bear out what I have said as to the construction which was placed upon the emergency or alleged emergency issue at that time.

I should not like a moment to pass without removing any impression that may exist that I have sought in any way to cast aspersions on the motives of a former prime minister, and I hope the house will accept what I have said. I am sure it will be borne out by a reading of the debate that took place on the subject.

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

Friday, April 9, 1937

The house met at eleven o'clock.

MISCELLANEOUS PRIVATE BILLS

Mr. G. W. McPHEE (Yorkton) presented the third report of the standing committee on miscellaneous private bills.

He said: With the consent of the house I desire to move:

That the bills contained in the third report of the standing committee on miscellaneous private bills, presented this day, be placed upon the order paper of the house for consideration this day in committee of the whole, and for third reading.

Motion agreed to.

LABOUR DISPUTE

OSHAWA STRIKE OF AUTOMOBILE EMPLOYEES—MOTION FOR ADJOURNMENT TO DISCUSS MATTER OF PUBLIC IMPORTANCE

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I desire to ask leave to move the adjournment of the house to discuss a definite matter of urgent public importance, namely, the strike at Oshawa and the concentration of federal and provincial police at Toronto, and the urgent necessity of government mediation.

Mr. SPEAKER: Is it the pleasure of the house that the hon. member shall have leave so to move?

Some hon. MEMBERS: No.

Some hon. MEMBERS: Yes.

And more than twenty members having risen:

Mr. WOODSWORTH: At this late stage in the session I have no desire unduly to delay the house, but I think we are all convinced that a grave situation is developing at Oshawa. I recall only too well having had to take up two years ago the matter of the unemployed advancing on Regina, and I then urged upon the house the necessity of discussion before there came bloodshed. I welcome the opportunity to-day briefly to bring this matter to the attention of the house.

As to the situation, statements have been given us pretty clearly by the various people

concerned. I read from this morning's Montreal Gazette just one paragraph which indicates the position of the company:

> The issue is clear cut. General Motors of Canada, Limited, is not opposing organization by labour, but will not, under any condition, negotiate with any person or organization, other than their own employees' committee, and with them they will confer at any time. In fact, conferences have been carried on for the past week and many of the points at issue have been settled thus satisfactorily. Rather than see any violence, no attempt is being made to operate the plant.

There is a clear cut statement that the company will not negotiate with any general trade union body, but merely with their own employees.

Mr. BENNETT: Does the hon. member think it is quite fair to take a newspaper report as an accurate statement?

Mr. WOODSWORTH: That is the only information yet available. What I have read appears to be the statement of the company. I wish to quote also what appears in the papers with regard to the attitude of the organizer.

Mr. BEAUBIEN: Last session the hon. gentleman objected to my reading from a newspaper. I submit that he is out of order.

Mr. WOODSWORTH: The objection I took to the reading of articles in newspapers was the quoting of newspaper opinions on certain matters before the house. I am quoting facts now. The organizer, Hugh Thompson, said:

> We are not going to break any laws. We are going to abide by them and see they are executed.

There we have pretty clearly stated what seems to be the attitude of the man representing the workers.

There is also an extraordinary statement and apparently a quite impartial one from the mayor. In his reply the mayor said he was not taking sides in the dispute, and continued:

> Some people consider that if you are not one hundred per cent with them, then you favour the other side, but I intend to keep an impartial attitude.

Mr. SPEAKER: I do not think the hon. gentleman is in order in quoting from newspapers.

Mr. WOODSWORTH: I do not know of any rule that prevents me from quoting from a newspaper. It is being constantly done. Newspaper accounts are made the basis for questions again and again and I know of no rule that prevents me from quoting facts as reported in the press. I do not see why I should not be allowed to read any statement with regard to the attitude of different individuals. However, if the house rules against me I shall have to desist.

Mr. LAPOINTE (Quebec East): Could not my hon. friend state his case without quoting?

Mr. WOODSWORTH: I will do that. Briefly, the mayor takes the ground that it is the responsibility of the mayor of Oshawa to maintain law and order, and that he is opposed to the introduction of any police. He states that the employees are maintaining law and order and he hopes they will continue to do so, but he does resent the interference of Premier Hepburn in this matter. We come then to the statement that has been made by Premier Hepburn, and again I would refer to the morning newspapers. Apparently Premier Hepburn has placed himself unreservedly one hundred per cent behind General Motors.

Some hon. MEMBERS: Oh, no.

Mr. WOODSWORTH: According to the morning newspapers that is what he has done. If hon. gentlemen wish me to do so I will quote again from the newspapers. I reiterate my statement that according to the morning newspapers, the only information we have to go on, he is quoted as having placed himself one hundred per cent behind the company and is prepared to use all the resources of the province to maintain law and order.

Mr. DUNNING: And that is right.

Mr. WOODSWORTH: Further, he speaks very strongly against the Committee for Industrial Organization. It seems to me we should have a clear statement regarding the dominion government's policy in this matter. Again, if I may refer to news dispatches, the only source of information so far, the mounted police have been sent to Toronto by the Minister of Justice (Mr. Lapointe) on the request of Premier Hepburn. We should know quite definitely from whom the request came and whether the situation in Oshawa is sufficiently grave to warrant the sending of a large force to Toronto.

Several important considerations immediately emerge. First of all we hear a good deal about the sit-down strike. It is quite true that in the United States the Committee for Industrial Organization has made use of the sit-down strike on various occasions, but I would say that the C.I.O. and the sit-down strike are by no means identical. The sit-down strike may be, as the Minister of Justice said the other day, illegal in Canada. Under our present legislation it certainly seems to involve trespass.

I would draw to the minister's attention an excellent article in the New Republic of

two or three weeks ago, which suggests that at least American law needs some revision along this line, because great bodies of workmen have certain claims that cannot be so lightly set aside. In our more modern development of industry, where there is not a single individual employer engaging a single man called an employee, but a great corporation with shareholders scattered all over the world with the factory under the direction of a manager, that manager cannot simply dictate to thousands or tens of thousands of men who have been drawn from all parts of the country, who have their interests, and equity if you like, in the business because of their special training, the location of their homes and so on—under these circumstances the situation is radically altered. This New Republic article goes on to state that we must come to a realization that the sit-down strike, in view of all these circumstances, is not quite so illegal as it would seem to be on the surface.

Mr. DUNNING: In the United States but not here.

Mr. WOODSWORTH: That may be, and I frankly admit that as far as I see it, it involves what to-day is regarded as trespass.

But the point I make is that the C.I.O. is quite distinct from the sit-down strike; the C.I.O. is a legitimate labour organization. It is true that it is not favoured in Canada by the regular American Federation of Labour organization because it is in the United States, more or less, a split-away from the American Federation of Labour. I need not tell the house that the American Federation of Labour type of organization was based on craft unionism. Each craft was organized. In the meantime, in the last twenty or thirty years, the form of structure of our industry has vastly changed and there are a certain number of people in the American Federation of Labour who believe that there ought to be corresponding changes in the type of trade unionism. Into that matter I do not intend to enter this morning, but I point out that it is a perfectly reasonable thesis and program which the C.I.O. have adopted, namely, that there should be industrial unionism rather than craft unionism.

In the United States, as everyone knows, Mr. Lewis has received a great deal of support from the American government. There is an excellent editorial along this line in yesterday's Ottawa Journal. However, the point is that the C.I.O. is not a subversive or an illegal organization.

An effort is being made to cry down all foreign organizations. May I point out that the American Federation of Labour is as much a foreign organization as the Committee for Industrial Organization. Both are international organizations with the bulk of their membership in the United States. The American Federation of Labour has developed across the international border, and we have accepted the Trades and Labour Congress which is more or less the Canadian section of the American Federation of Labour. Most of the trades union members on this side are directly connected with the American unions. It was only a few days ago that the Minister of Justice emphasized very strongly the recent wonderful achievement in the railway trades, where a threatened strike had been settled by reasonable means. I quite agree with him, but I point out that the organizations involved are many of them American organizations—just as much "foreign" organizations as the C.I.O. I point out, as he did then, that trouble involving a disturbance of our whole transportation facilities in this country was avoided because we had strong labour organizations which were allowed to function. At the present time in Oshawa an effort is being made by the companies to prevent strong labour organizations, and if the effort succeeds almost inevitably trouble will ensue.

May I also point out that whilst some people have a good deal to say against foreign labour organizations, all over this country, particularly in the east and the far north, we have United States corporations. Capital is American, management is American, General Motors, if you like, is American. I had an experience several years ago which illustrates this. I went into a district in northern Manitoba where before I could hold a public political meeting in support of a Progressive candidate I was interviewed by the superintendent and manager of a United States corporation, himself not a naturalized Canadian, who undertook to say whether or not a public political meeting could be held in a community of 3,000 people. Surely it is an intolerable situation when an American manager undertakes to dictate the policies of citizens of Canada. That is true of many American corporation towns all up the Pacific coast, and some in northern Ontario and Quebec. We ought not to allow ourselves to be led astray by this term "American organizer." As far as the particular individual who is organizing the strike is concerned, whose name is Hugh Thompson, I am informed that he is still a British subject, an Irishman by birth, and comes to Canada, as has been done for many a year by the American Federation of Labour organizers, to carry on the work of his union in Canada. The objection of the

company, if put into effect, would rule out all the legitimate labour organizations in this country.

I do not know whether I should make any special appeal to a Liberal government. But I would remind the Prime Minister (Mr. Mackenzie King) that the Liberal program contains this plank on the democratization of industry:

> The Liberal party believes that industrial reconstruction is the problem of the future. It will seek in industrial relations as opportunity offers, to give to workers and consumers a larger share in the government of industry.

Mr. MACKENZIE KING: Hear, hear.

Mr. WOODSWORTH: I am glad the Liberals say "hear, hear." It occurs to me that this is good opportunity to check the dictatorship being attempted by the management of this industry at Oshawa.

An hon. MEMBER: By the management only?

Mr. WOODSWORTH: I have on the order paper—I do not know whether it will be reached this session—a bill which would give to trade unions the right to organize.

Mr. LAPOINTE (Quebec East): They have that right now.

Mr. WOODSWORTH: Yes, theoretically they have. In practice they have never been able fully to exercise it, and there is no positive legislation on the statute books. It would seem that in this country positive legislation, with penalties for infringement, is highly desirable. It is unfortunate that it should be left to a private member to introduce such legislation.

Mr. ROGERS: Will the hon. member permit me to ask whether he is aware that the Trades and Labour Congress of Canada and other labour organizations have brought this matter to the attention of the government over a period of years? Is he also aware that the Trades and Labour Congress prepared a draft bill protecting the right of association, which was submitted to every provincial legislature in the dominion within the past few weeks, and that this submission on the part of the Trades and Labour Congress to the provincial legislatures recognized that so far as the right of association is a civil right to be dealt with by provincial law, any sanction behind that right of association should also properly be applied by provincial law?

Mr. WOODSWORTH: I am quite aware of the facts as related by the Minister of Labour (Mr. Rogers). But I know also that under the British North America Act it is doubtful where the line comes between civil and criminal, between provincial and federal jurisdiction. I need not say that to the house. The Trades and Labour Congress, almost in despair of getting any action by this government, attempted to get it through the provincial governments.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: That is not the fact.

Mr. ROGERS: That is not a true statement, if I may say so. As Minister of Labour I had a number of discussions with representatives of the Trades and Labour Congress and other organizations on this very question. When the matter was brought to the attention of the provincial legislatures it was not done on the basis of any feeling on the part of leaders of organized labour in Canada that the dominion government had in any way failed to accept its due responsibility in the matter.

Mr. WOODSWORTH: That may have been the statement made to the minister. I have had statements along other lines made to me. However I do not intend to discuss that matter now; if my bill can be reached I shall be able to discuss it then. But I should like to emphasize that it has been extremely difficult under existing legislation for the workers in this country to exercise the right to organize. In Great Britain that right is conceded in practice as well as in theory. In the United States it is only in the last few months, largely through the efforts of this new organization, that the right of labour to organize is being recognized in practice.

Mr. MACKENZIE KING: May I say to my hon. friend that I think the house has been generous in its attitude in affording him the opportunity to discuss the Oshawa situation as a matter of urgent public importance. In his motion he indicated that he wished to speak about the Oshawa strike and I suggest to him that it is hardly fair to begin under that head a general discussion on the question of rights of organization and other subjects of the kind. I think he should hold to the point on which he asked leave to move adjournment of the house.

Mr. WOODSWORTH: I quite accept what the Prime Minister says, but I think I have not transgressed very far, and I am about to conclude.

An hon. MEMBER: Why bring in the United States?

Mr. WOODSWORTH: I brought in the United States simply because we are told that this is a United States union and that in this country we will not tolerate any American unions.

I suggested in my last statement that it had not been very easy for labour to organize in Canada. Under these circumstances it does seem to me that this government has a very decided obligation to take some definite stand regarding this situation at Oshawa. Apparently at the moment all that has been done has been to place our Royal Canadian Mounted Police in large numbers at the disposal of a provincial government which has already placed itself definitely behind the company.

Mr. DUNNING: That is not right.

Mr. LAPOINTE (Quebec East): Why make these rash, untrue statements?

Mr. WOODSWORTH: I am not making a rash statement; I am merely stating what is reported in this morning's press. If it is incorrect I hope the minister will correct me.

Mr. LAPOINTE (Quebec East): It is more than incorrect.

Mr. McLEAN (Melfort): Would the hon. member care to read the full statement regarding what he alleged?

Mr. WOODSWORTH: I was trying to read the full statement, but objection was taken.

Mr. McLEAN (Melfort): Then why repeat the definite statement?

Mr. WOODSWORTH: If I may be free from all these interruptions I can conclude in a moment or so. I do say that it seems to me it is the responsibility of a government charged with the maintenance of law and order, a government that has definitely stated its policy to be a larger measure of control of industry by the workers, to use some other means than merely repressive measures. I would beg that before there is violence of any kind or before the workers are crushed by the combination that seems to be arrayed against them, this government should exercise its utmost authority and influence in mediating this situation and guaranteeing the workers of this country the right to organize.

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, yesterday morning I was twice called on the telephone by the Premier of Ontario, and following those telephone conversations Mr. Hepburn sent me the following telegram, which I think the house is entitled to hear:

Hon. Ernest Lapointe,
Minister of Justice,
House of Commons,
Ottawa, Ont.

Following our telephone conversation would urgently request that assistance of dominion police be made available to maintain law and order in strike areas. Would further urge that first detachment be sent to Toronto where services will be available in case of emergency. Have only seventy-five trained provincial officers available without impairing other necessary services throughout Ontario. Please let me know to what extent we may anticipate assistance. Prepared to swear in additional force but am sure you appreciate the fact that special constables could operate more efficiently in conjunction with trained police. Report just submitted to me indicates situation becoming very acute and violence anticipated any minute also impairment of heating plants and fire protection services.

M. F. Hepburn.

I replied as follows:

Hon. Mitchell Hepburn,
Prime Minister,
Toronto.

Your telegram received. Seventy men unmounted will leave at three o'clock for Toronto. Thirty-three all ranks mounted will leave at six o'clock for Toronto. All to be placed at your disposal with understanding that all expenses as usual will be paid by province.

Ernest Lapointe.

In the telephone conversation I was told that officers of the company had been prevented from entering their own offices. A certain number of men, then, have been sent to Toronto at the urgent request of the Premier of Ontario to help the province preserve order and uphold the laws of the country, and my hon. friend has just stated that it is the duty of this government to preserve law and order in the country. The same step would be taken if a similar request were made by any other provincial authority in Canada. Unless the necessity arises for the purpose of upholding the laws these men will not intervene in any way.

There are precedents for the action which has been taken. Police assistance was requested at Port Arthur a few years ago by the attorney general of the province of Ontario, and it was sent. Police assistance was requested at Cochrane in 1931 by the attorney general of Ontario, and it was sent. Police assistance was requested by the province of Quebec at Rouyn, in the mining district, a few years ago, and it was also sent. I would remind the house of the provision contained in section 12, subsection 3, of the Royal Canadian Mounted Police Act, chapter 160 of the Revised Statutes of Canada:

Every member of the force shall be a constable in every part of Canada for the purpose of carrying out the criminal and other laws of Canada . . .

I am pleased indeed to hear my hon. friend say that there is no intention of violating the laws of the country in the special instance he has mentioned, and I hope and trust that our labour forces as well as our employers will show to the world that illegality and disorder will never become an industrial weapon in this dominion.

As to the attitude of the government, I have nothing to add to or withdraw from the statement I made in the house a few days ago. I may assure the house and the country that we will be pleased to cooperate in the fullest measure, consistent with our jurisdiction, to effect a peaceful and friendly settlement of this difficulty. I hope my hon. friend also will cooperate.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, there was only one purpose behind bringing this matter before the house to-day. That was to direct the attention of the government to the situation that is developing at Oshawa. The hon. member for Winnipeg North Centre (Mr. Woodsworth) undertook to read some of the statements made by Premier Hepburn, but he was not allowed to do so. If I were allowed to read some very brief quotations from the statements by Premier Hepburn I should be glad to do so, because they put Premier Hepburn definitely behind General Motors in their opposition to the Committee for Industrial Organization.

Some hon. MEMBERS: No, that is not so.

Mr. McLEAN (Melfort): Only in opposition to an illegal organization.

Mr. MacINNIS: The C.I.O. is no more illegal in this country than the American Federation of Labour is, and I have been a member of the American Federation of Labour for the last thirty years. I am still a member of an organization that is affiliated with the American Federation of Labour; as a matter of fact it is an industrial organization, not based on craft, and we have had very harmonious relations with the company with which we work for a longer period of time than that.

I am going to make only one request to-day, and after listening to the Minister of Justice (Mr. Lapointe) I think it will be conceded. I believe that the Minister of Labour (Mr. Rogers) and the government are just as much interested in bringing about a peaceful and equitable settlement in this case as they were in connection with the threatened railway strike. We must remember that the railway workers are sheltered employees. They have been organized for many years; they have carried on negotiations with their employers, and nearly always the chairman of the negotiating committee has been an American citizen, an officer of the international brotherhood organization. Such men as those concerned in Oshawa have never been able to organize. At the present time there is a general tendency toward organization, and in order to have harmonious relations in industry of necessity the employees must be organized. I believe every member of this house will agree to that. Now I am asking the Minister of Labour if he will use every available facility within his department to bring the situation in Oshawa to a peaceful and satisfactory conclusion to everyone concerned, which I am satisfied can be done.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, I imagine all hon. members will share the opinion I now express, that it ought to be the purpose of any discussion here to facilitate rather than to prevent the satisfactory settlement of the dispute at Oshawa. I believe I need not assure the hon. member who has just spoken that the services of the conciliation branch of the Department of Labour in Ottawa will be made available immediately in order that, in the event of the parties to the dispute being agreeable, we may be able to render some assistance in bringing about a satisfactory settlement. May I point out however that the department of labour of the province of Ontario has its own conciliation service, and that up to the present time that service has been dealing with the dispute. I well remember that when the estimates of the Department of Labour were before the house some time ago the question arose as to possible duplication of or conflict between the conciliation services of the dominion and provincial departments of labour. I sought to explain at that time that so far as the dominion Department of Labour was concerned, sometimes we had to time our intervention in order that it might have the best possible effect. In other words, it would not be desirable that we should interfere in a dispute within a province when the department of labour of that province was actually engaged in negotiations.

As hon. members are possibly aware, that situation has existed for the past week. The department of labour of the province of Ontario has been carrying on negotiations between the company and the employees with a view to settlement of the dispute. Having said that, I can only repeat that the Department of Labour will use its entire resources

when, in its best judgment, it can intervene successfully, in order to bring about an amicable settlement of the present difficulties.

Motion withdrawn.

TRADE AND INDUSTRY COMMISSION

INQUIRY WITH RESPECT TO APPOINTMENT OF PUBLIC PROSECUTOR

On the orders of the day:

Mr. J. S. TAYLOR (Nanaimo): Mr. Speaker, before the orders of the day are called, and in view of the inquiry directed to the Prime Minister (Mr. Mackenzie King) on March 29, as reported at page 2235 of Hansard, may I inquire of him if the matter of the appointment of a public prosecutor, as provided by the Dominion Trade and Industry Commission Act, has been considered? If so, what is the decision of the government? If there has been a positive decision, when will the appointment of the prosecutor be made?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, in reply to the hon. member may I say that the matter is still under consideration, and a final decision has not yet been reached.

DOUKHOBOR DISTURBANCES

DESTRUCTION OF PUBLIC PROPERTY IN BRITISH COLUMBIA

On the order for committee of supply:

Mr. W. K. ESLING (Kootenay West): Mr. Speaker, because the rules of the house do not offer another opportunity, with the unanimous consent of hon. members I should like to preface a question to the Minister of Justice (Mr. Lapointe) by a very brief statement. I do so because this is a matter involving terrorism, dynamiting and incendiarism. A whole community in my constituency is terrorized by the action of a fanatical group of Doukhobors who, in two or three hours last Sunday morning, dynamited and bombed eleven schools, seven of which were totally destroyed. Community halls, churches and other meeting places are under guard. The situation is so intolerable that the farmers institute at Robson, the centre of the disturbances, has wired a request that I bring the matter to the attention of the Minister of Justice.

Last June one of these fanatical Doukhobors was convicted of burning a bridge. Immediately following the conviction there were no less than fifteen fires, and it must be understood that the perpetrators are not particular as to whether or not life is endangered by their actions. Very often the teachers make their homes in these small public schools.

We realize, as the minister will no doubt tell us, that it is up to the provincial government to maintain order and to enforce the law. The difficulty however is that it is impossible for them to do so. There are records of about fifty fires; the provincial police have done their very best, but they are up against a stone wall because the Doukhobors are dumb in so far as giving information is concerned. They simply tell the provincial police that there is plenty of money to run down offenders of our nationality, and that they can use it to run down offenders of their nationality. I would ask the Minister of Justice if, without intruding upon the duties of the provincial police, he would enter into a conversation with the attorney general of British Columbia with a view to participating in bringing this period of terrorism to an end.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I know the house must have some realization of the seriousness of this situation. It is one which really beggars description. At another time I had occasion to direct attention to it, and I do not believe that the province can quite deal with it. Where you have eleven or twelve buildings destroyed by fire, blasting, dynamiting and other means you have a situation which we Canadians find it difficult to understand or appreciate. I suggest the Minister of Justice (Mr. Lapointe) should at least meet the views of the people in the locality—I am sure they have communicated with him, through the provincial authorities—

Mr. LAPOINTE (Quebec East): Not yet.

Mr. BENNETT: —and see if it is not a matter of such national importance that he might provide assistance of a permanent character to prevent a recurrence of these terrible outrages against decency, so that law and order may in some way be maintained.

Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, I fully realize the seriousness of the situation described by the hon. member (Mr. Esling) and the leader of the opposition (Mr. Bennett). I may say that if our assistance is asked by the British Columbia authorities I shall be pleased to submit the matter to the government, with my support and recommendation. It seems to

me to be one of the serious cases where a province may ask that the dominion police assist in upholding the law.

Up to the present time there has been no official request for our assistance from the province of British Columbia, but I assure the hon. member that no doubt, in view of his remarks to-day, the request will come in due course. I shall be pleased to submit to my colleagues the observations he has made, and I think I may say that we will help in the matter all we can.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF LABOUR

To provide for commitments under relief settlement agreements with provincial governments, $400,000.

Mr. BENNETT: Does this vote cover existing obligations?

Hon. NORMAN McL. ROGERS (Minister of Labour).: This item consists in part of existing obligations under relief settlement agreements with the provinces and in part of anticipated new obligations under the present agreements. Perhaps I could explain that in this way. The agreements provide for continuing payments to those who have been settled under the previous agreements and also for new settlements of families falling within the terms of the agreements. Therefore we are providing in part for expenditures to which we are committed and in part for anticipated expenditures during the coming year.

Mr. BENNETT: To what extent is this item referable to over-expenditures under existing agreements and to contemplated payment of new obligations?

Mr. ROGERS: There are no over-expenditures. It is a continuing contribution to the provinces which have agreements with the dominion government for relief settlements. If the leader of the opposition desires, I can place on Hansard the distribution of the money among the provinces. In 1936 Quebec received $12,200; Ontario, $1,400; Manitoba, $69,500; Saskatchewan, $10,000; Alberta, $55,500; British Columbia, $1,400, making a total of $150,000. The new commitments total $250,000, making a grand total of $400,000.

Item agreed to.

To provide for federal contribution to provincial and municipal relief projects, $7,331,000.

Mr. HEAPS: Would the minister give us a breakdown of this item?

[Mr. E. Lapointe.]

Mr. ROGERS: This total amount is broken down as follows. First, revote for claims to be rendered by the provinces under previous agreements which will not be received by the dominion in time to be paid before the close of the present fiscal year, $1,316,117.75. Second, revote for the continuation of works authorized under previous agreements which will not be completed at the expiration of said agreements on March 31, 1937, $514,269.04. Third, provision for new projects for relief measures during 1937-38, $5,500.000.

Mr. CHURCH: What percentage will be provided for the municipalities?

Mr. ROGERS: That is a matter to be determined when we negotiate the agreements with the various provinces. It is not possible in advance of our consultation with the provincial governments to indicate definitely what percentage will be allocated for works in the municipalities.

Mr. MacINNIS: Would such works as the forestry camps in British Columbia come under this item?

Mr. ROGERS: They would come under another item which I will indicate when it is reached.

Mr. LOCKHART: Would the work in connection with highway No. 8, to which I referred the other day, be included in this item?

Mr. ROGERS: I am advised by the officers of the department that that is not included in the list of the joint projects provided for under the last agreement with the province of Ontario.

Mr. LOCKHART: Is any portion of the cost of this highway being provided by the dominion government?

Mr. ROGERS: That is the information I receive from the officers of the department.

Mr. BARBER: There is considerable variation in the wages paid in the different municipalities for relief work. I had a letter the other day from a man who has been employed on relief work for three years and he tells me that he has received only $20 a month, and he has to pay $10 a month for rent. I understand that this particular municipality is receiving contributions on a fifty-fifty basis from the two governments. Is there not some way by which wages could be regulated so that they would be more nearly uniform? I do not know of two municipalities in my part of the country that pay the same rate.

Mr. ROGERS: I would judge my hon. friend has in mind relief work being done within a municipality in the province of British Columbia?

Mr. BARBER: Yes, with contributions from the provincial and federal governments.

Mr. ROGERS: Apart from the city of Vancouver, where some work was done on the parks under the last agreement, to my knowledge there is no federal contribution to any municipal work in British Columbia. That is, there is no direct contribution under the joint works program. It is conceivable that some municipalities are requiring relief recipients to work out their relief, and from that point of view it might be considered that the dominion is contributing indirectly. So far as wages are concerned, any control would be limited to works being done under the terms of our joint works agreements with the provinces. These agreements contain a clause to the effect that the wages paid shall be fair wages, and the interpretation of "fair wages" is the prevailing rate in the locality where the work is being done.

Mr. ESLING: Have the fifteen specific projects been completed to which the federal government contributed $750,000 last year, or will they be continued under agreements for the present year? How much of the $750,000 allocated to these fifteen projects was expended last year?

Mr. ROGERS: Answering the several questions in order, first, I may say to my hon. friend that where works which were definitely set out in the schedule to the agreement with a province are not completed during the period of the agreement, it has been the practice to provide a revote to cover the continuation of the actual projects if the province requests that this be done. In answer to the second question, I have here a statement of the actual expenditures made by the dominion under the joint agreement with the province of British Columbia up to March 31, 1937. The total is $520,275.57. In addition there are accounts, now being examined, to an amount of $75,000. This makes a total of accounts payable to the amount of $595,275.57.

Mr. CHURCH: Will consideration be given, when the minister makes the agreement with the province of Ontario, to the program laid before the government by the mayor and board of control of Toronto for the expenditure of $4,000,000?

Mr. ROGERS: I assure my hon. friend that consideration will be given to certain items of that program. As he is aware, some of them do not relate directly to the Department of Labour. There was, for example, as I recall, a request that there should be a contribution to an airport in Toronto, and that would be dealt with by the Department of Transport.

Mr. SPENCE: That is dealt with in another vote, the item of $400,000.

Mr. ROGERS: I recall that deputation from Toronto expressed interest in the improvement of parks and recreational facilities. I have already advised hon. members that it seemed to me there was much to be said in support of the allocation of a certain sum to our larger cities for the purpose of improving parks and recreational facilities. That will be done, however, through the provincial governments. I do not contemplate a break in the established practice of dealing with these matters through the provincial governments.

Mr. SPENCE: The minister should earmark some of it, anyhow.

Mr. CHURCH: May I ask whether or not in these proposed agreements the matter will be put on the basis of fifty per cent contribution by the province and fifty per cent contribution by the federal government? I notice that some municipalities are asked to put up one-third, in conjunction with provincial and federal authorities, which seems to be a fair principle. So far the city of Toronto has got nothing out of these agreements of last year, not a five cent piece, and I hope that it will now receive consideration.

Mr. ROGERS: I do not think it possible to indicate at this time any precise basis of allocation of funds of the dominion government to works done within a municipality. That would have to be a matter of negotiation with the provincial government concerned. For example my hon. friend referred to the agreement of the past year with the province of Quebec. It is true that certain municipal works were undertaken under the terms of that agreement. At the same time there was no provision in that agreement for contributions by the municipalities concerned. That is, the Quebec government assumed fifty per cent of the cost of the works included in that agreement.

Mr. BENNETT: And the municipalities paid nothing?

Mr. ROGERS: Correct.

Mr. ESLING: In view of the minister's reply, may I ask him if any new agreements will be entered into so far as British Columbia is concerned for the current year, and

what amount will be allocated towards those new projects? If nothing is to be done, it seems to me there remains approximately only $150,000 to complete the grants of last year. Will all that money be allocated to British Columbia, or if not, how much will be made available out of this grant?

Mr. ROGERS: There is an amount of $5,500,000 for new projects. It will have to be divided among the various provinces upon a basis of joint contribution for new works. The precise means by which that allocation will be made can hardly be stated at this time. We are very anxious to avoid too great a concentration of dominion contributions in one province as against another. Other departments of government contemplate expenditures during the coming year dealing with one aspect or another of relief, so that in making our allocations for the various provinces we shall try to keep it in view that there should be an equitable distribution having regard to the needs of the situation. That will depend also upon our further negotiations with the provincial governments.

Mr. ESLING: Mr. Chairman, with $150,000 remaining from last year's grant, and with innumerable people along the line of the highway from Banff into West Kootenay and over the summit to the coast, does it not mean that somebody was derelict in not carrying on these operations and continuing these projects, and does British Columbia practically not forfeit the expenditure of that $150,000 on these highways simply because it did not expend the money when so many men were waiting for work and urging that they be employed?

Mr. ROGERS: I sought a moment ago to point out that the total of $595,275.57, being payments made to British Columbia to date, included disbursements on accounts received up to March 31, 1937 and the total of accounts being examined and for which payment is asked by April 30 of this year. That does not mean that further accounts may not be receivable for work already done. But where the work has not been completed it has been the practice to revote an amount sufficient for that purpose. I would also point out that weather conditions in the winter will often prevent the completion of a particular project, so that failure of a province to get in its accounts for the entire amount payable by the dominion government does not suggest any laxity of administration.

Mr. ESLING: Following the department's practice of last year, is it to be understood that the federal members from British Columbia will not be informed as to any projects or any expenditure of public money under this relief vote until this house again assembles next year?

Mr. ROGERS: I have been accustomed to receive proposals for projects from hon. members from all the provinces, and so far as possible consideration is given to those proposals as received. It must be remembered, however, that what we have here is the joint works program. It is necessary that the two governments concerned shall agree; therefore we are to some extent in the hands of the provincial governments which submit to us their highway programs. I am sure the hon. member will understand that there is much to be said in support of that view where expenditures are made on highways. The dominion government has not the knowledge necessary to decide where a particular highway should be placed; the construction of highways has always been a matter under provincial jurisdiction.

Mr. ESLING: I fear the minister has not understood my question. I asked, if the government allocates money to British Columbia for expenditure during the present fiscal year, and an hon. member for British Columbia writes to the Department of Labour and asks what expenditures are being or are to be made, must that member wait until the next session of parliament to be informed? Because that was precisely the situation last year.

Mr. ROGERS: I am sorry that I did not understand the hon. member's question. I see no reason why, once the agreement with the province has been signed, it could not be made available to any member of the house who writes in to request the information. That would be my view of it, and I can see no reason why the other party to the agreement would have any objection.

Mr. ESLING: It was from the minister himself I received the reply that these agreements with the province of British Columbia were confidential and could not be disclosed to hon. members until they were laid on the table of the house, this session.

Mr. ROGERS: I doubt if I used just those words, but if I did I am glad to make the correction now.

Mr. CHURCH: May I ask the minister what proportion of the $7,000,000 is a revote from last year? How large is the old revote, and how much is the new vote this year?

Mr. ROGERS: The revote for the continuation of works is $514,269.04. The revote for

claims to be rendered by the provinces under previous agreements which will not be received by the dominion in time to be paid before the close of the present fiscal year is $1,316,117.75. Provision for new projects is $5,500,000.

Mr. LOCKHART: I am not clear as to the allocation of moneys given by the federal government to the provincial governments and passed on to the municipalities. In the event of a municipality contemplating a certain relief work, which of course will have to be dealt with through the channels of the provincial government, are any limitations placed on the actions of the province by the federal government? In other words, is any restriction imposed on the extent or the type of work which the provincial government may engage in, or is it left entirely in the hands of the province?

Mr. ROGERS: We do exercise some discrimination when a works program is submitted to us by a provincial government. For example, I do not think there has ever been a case where a provincial government has not submitted to us plans which have gone considerably beyond the amount of money which could be allocated to that particular province for a joint works program. But in general no restriction is imposed in advance by the dominion government upon projects which may be submitted by the provincial government. Where there is discrimination it is exercised in the course of the negotiations.

Mr. POULIOT: May I remind the minister that one of the best projects for the relief of unemployment would be the rebuilding of the dam on Morin lake. Riviere du Loup is a progressive city with its own power plant, and it has set an example to the rest of the province of Quebec in the municipalization of power. The present dam is not in good condition and there is urgent necessity for rebuilding it. The work would cost no more than $300,000 and it could be carried out in sections costing about $100,000 per year, the federal government and the province cooperating. It would relieve unemployment to a large extent and serve a very useful purpose, and it would be much better than building sidewalks on lonely streets where there is no traffic or doing fancy works that do not serve any other purpose than to give temporary employment. Money could be spent usefully and in the public interest in connection with this dam. The minister is familiar with the situation and I trust that in due course, when he discusses the matter with the province, the provincial government will include that project in the program for this year and that this important work will be started at once.

Mr. MASSEY: In connection with these various projects that are undertaken either by the municipality or by the province, with aid from the federal government, what consideration is given to the cost of the work? Is the minister given some idea as to the cost of the materials required and also as to the extent of the labour necessary for the project itself? There has been a certain amount of criticism of the cost of these works and of the wages paid in connection with them. I should like to know how far the minister goes in his investigations with the provinces or the municipalities, through the provinces, as to the wages to be paid, the total cost of the work and so on.

Mr. ROGERS: The Department of Labour does not maintain an engineering department, but in our consultations with the provincial government in regard to all joint works programs we do try to place the emphasis on the type of work that will give the maximum employment and call for the minimum expenditure. I cannot say how far we have succeeded in doing that in every instance, but it will be understood that here, as in other cases, where we have to work with the provincial government, it is necessary that the two shall agree before the work can be carried forward.

Mr. MASSEY: What check if any is made by the federal government as to the actual men to be employed on the work?

Mr. ROGERS: We have in each province a dominion representative who is assisted by a number of inspectors, and it is their duty to see that the terms of the agreement are carried out with special regard to the clauses having to do with wages and hours.

Mr. MASSEY: Is any effort made to employ the maximum number of men? What I mean is this. Do the men who start a project carry it to completion, or is the work spread around through the particular locality in which the project is going forward so that as many men as possible will get a share of it? Is it confined to a few?

Mr. ROGERS: Both systems have been followed in the past. In general, during the past year, the practice has been to take heads of families or single men off relief and keep them off, paying them the prevailing wage, rather than take them on for a few weeks and then send them back on relief. In Ontario sixty-two per cent of those employed on these works were taken from the relief rolls.

Mr. MASSEY: Does the inspector report directly to the minister anything he finds to be unsatisfactory?

Mr. ROGERS: Yes. The inspector reports directly to the commissioner of unemployment relief in Ottawa, and as a matter of fact many of the difficulties are settled by the inspector on the location.

Mr. MASSEY: Would it be too intimate a question to ask in how many instances there have been difficulties that have had to be followed up?

Mr. ROGERS: I have not an actual record of the number. The daily correspondence of the department does, however, often include complaints with respect to relief in one form or another. We try to follow them up as quickly as possible and remedy the situation. There is a daily report from the various inspectors.

Mr. MASSEY: I ask the question because one hears in connection with all these matters that there is a certain amount of difficulty and dissatisfaction, and I was interested to know whether the trouble had been extensive and whether there were many hazards in the way of satisfactorily carrying out the work. Is the difficulty widespread or is there only an occasional complaint?

Mr. ROGERS: I would not say the difficulties have been extensive during the past year. I understand that the number of complaints over a period of years has not varied greatly, in proportion to the work done and the money expended. Something of course depends on the staff of inspectors, their competence, tact and experience. I do not feel that during the past year we have had an abnormal number of complaints.

Mr. MASSEY: In projects where men are taken from centres where there is permanent accommodation for them to where they have had to camp, if they have a complaint in regard to food or shelter or whatever it may be, is their only way of complaint through the inspector, or how does the complaint reach the department?

Mr. ROGERS: Unless the work is being done by day labour the men are employed by contractors, if they have a complaint presumably they would make it first to the foreman. If they do not obtain redress in that way there is nothing to prevent their taking the complaint to the inspector and having it brought in due course to the attention of the Department of Labour in Ottawa.

Mr. BARBER: I take it that before this amount is arrived at and placed in the estimates there has been discussion with the several provinces in regard to proposed works. Take British Columbia, for instance; I suppose before this time of year agreements have already been signed?

Mr. ROGERS: No.

Mr. BARBER: The question of works has been discussed?

Mr. ROGERS: Has been discussed, yes.

Mr. BARBER: But no agreement has been made?

Mr. ROGERS: Correct.

Mr. BARBER: And on the basis of that discussion a certain amount is arrived at to be allocated to British Columbia?

Mr. ROGERS: Only in a very tentative way. My hon. friend will understand it is not legally possible to make an allocation until the estimate has been approved by the committee and until the new relief act of 1937-38 has received royal assent, so that any discussions with any province have been purely tentative. As far as particular projects are concerned there is almost continuous consultation; that is, provincial governments will frequently send in lists of proposed projects very early in the year, before the dominion government has power to enter into new agreements.

Mr. BARBER: I believe the people of British Columbia expect a considerable program this year, on account of an election coming on in May or June.

Mr. ROGERS: I can only say that the amount for new works this year is considerably less than it was last year. I am not sure that my hon. friend will accept that as evidence of our virtue.

Mr. TUSTIN: I understood the minister to say a daily report is made by the inspectors on these projects. Do I understand from that that the inspector is continuously on the job?

Mr. ROGERS: Yes.

Mr. TUSTIN: He does not travel from one project to another?

Mr. ROGERS: Yes, he does, but the inspection areas are so arranged as to enable an inspector to cover the work satisfactorily. He is continuously in touch with the projects in his district.

Mr. MASSEY: Are the inspections of a clandestine character? Are the visits unexpected, or are they advertised in advance?

Mr. ROGERS: Certainly they are not advertised in advance. But the contractors are aware that inspectors are appointed by the department to see that the terms of the agree-

ment are observed. Also inspectors are sometimes changed from one district to another, although normally inspectors are kept within a particular district in order that they may become familiar with the work in that district.

Mr. TUSTIN: Do I understand then that the inspector visits each project every day?

Mr. ROGERS: No, I would not want to leave that impression. That might be physically impossible. It depends on the size of the district.

Mr. McGREGOR: I happen to know something about this. On most jobs there is a local inspector who is under a chief inspector, to whom he reports. If everything is going all right the general inspector is not on the job very often, but if there is anything wrong and the rules are not being lived up to the inspector will be there next day. I can safely say they have been checking up fairly well.

Mr. NEILL: The department had a gentleman named Ells, I think, an engineer, as inspector in British Columbia last year?

Mr. ROGERS: I think he is under the Department of Mines.

Mr. NEILL: He had charge of a lot of this work, I understand.

Mr. ROGERS: Just the mining roads.

Mr. NEILL: I had some knowledge of his work, and I want to say that he did excellent work.

Mr. ROGERS: I am very glad to know that.

Mr. BARBER: Who was the inspector in British Columbia?

Mr. ROGERS: Mr. A. E. Munn was the dominion representative, appointed July 1, 1936.

Mr. MALLETTE: When the representatives of the government of Quebec come to the minister with a list of recommendations for works to be executed in that province to alleviate unemployment, I ask that particular attention be given to the construction of a new road on the western part of the island of Montreal. The construction of such a road has been discussed, to my knowledge, for the last thirty-five years. It is very much needed. Last year the bulk of the works executed on the island of Montreal were in the city of Montreal—quite properly—and a good deal was done on the eastern section, quite properly also. But this year I think it is the turn of the western section. The road along lake St. Louis, which connects Montreal with southern and western Ontario, is the same as our forefathers used two hundred and fifty years ago. It is very fine from a scenic point of view but from a practical point of view it is dangerous, being winding and narrow, in some places not wider than thirty feet. I think that when these gentlemen from Quebec visit the minister very special attention should be given to the question of a new road there. Another reason we should like to have the road is that increase in the facilities of travel gives us a better chance to visit Ontario, and Ontario people to travel in Quebec, and thus to understand one another better; and God knows there is need of the two provinces understanding each other better. A good road would help that.

Mr. MASSEY: Approximately how many inspectors are maintained by the department?

Mr. ROGERS: At the peak of the work the number of inspectors of the Department of Labour for the entire dominion would run from thirty-five to forty.

Mr. MASSEY: How are these men selected?

Mr. ROGERS: They are selected directly on the recommendation of the minister. We try to get men who have had experience either in engineering or in some branch of contracting so that they will not find themselves in a wholly unfamiliar atmosphere in carrying out their duties. No other qualifications are required except a natural desire that those who do the work can be depended upon to send us reliable reports.

Mr. MASSEY: And harmonious cooperation with the point of view of the present government?

Mr. ROGERS: The purpose of these inspectors is to see that the work is carried out properly and according to the terms of the agreement, and more particularly to see that the clauses which have to do with wages, hours and transfer from relief rolls to the pay rolls of the contractors are observed.

Mr. MASSEY: A defeated Liberal candidate would be a good inspector, no doubt?

Mr. ROGERS: I would not say he could not be a good inspector.

Mr. MALLETTE: There are not many defeated Liberal candidates available.

Item agreed to.

To provide for agricultural reestablishment in cooperation with provincial governments, $52,500.

Mr. DOUGLAS: Will the minister explain the nature of the expenditure under this item?

Mr. ROGERS: This is an amount to cover commitments under a number of special agree-

ments with four provinces, having to do with agricultural settlement and resettlement. There was an item in the estimates last year under this heading amounting to $1,000,000. Agreements were entered into with the provinces of New Brunswick, Alberta, Saskatchewan British Columbia. I may say that the purpose of these agreements was to enable those who were receiving relief as farmers to get on their feet, so to speak; and be able to look after themselves.

Mr. DOUGLAS: Does the minister mean moving them to some other parts?

Mr. ROGERS: In some provinces there was a measure of transfer. That was true in the northern districts of Saskatchewan, and to some extent in Alberta. Some of the families assisted under this particular scheme were families who had moved to the northern parts of those provinces from the drought area, but who found themselves still in a state of practical destitution. The desire was to provide them, as far as possible, with the means of establishing themselves on an independent basis. The same was true in the province of New Brunswick, where a considerable number of families were established on crown lands and given such assistance, through the provision of stock in some cases, as would enable them to dispense with relief. I may say there is no comparable item in the estimates of this year for new expenditures of this kind, and only $242,691.51 was actually spent under the agreements with the provinces that I have indicated.

Mr. DOUGLAS: Why is the amount so much smaller this year? Is some of the money being revoted?

Mr. ROGERS: This amount of $52,500 is being revoted to cover commitments actually made under agreements with the provinces I have indicated.

Mr. DOUGLAS: It is not the intention of the government to pursue this policy further?

Mr. ROGERS: There is an item under the Department of Agriculture in the final supplementary estimates, which is designed to carry on this work. My own feeling was that this type of work should be done by the Department of Agriculture rather than by the Department of Labour.

Mr. MASSEY: I think the minister and the department are in the main to be congratulated on the work that has been done under this item, but I understand that the province of Ontario does not cooperate in this work with the federal department. Is there any reason why Ontario does not so cooperate? Why is it that we do not gain the benefits that might easily accrue to the province through the application of part of the sum so voted?

Mr. ROGERS: Ontario was not one of the provinces with which agreements were made for this purpose. I may say, however, that in an earlier year Ontario did have an agreement with the dominion government for relief settlement. Possibly my hon. friend has in mind the farm employment plan, which comes under the next item, which was not accepted by Ontario. I shall be glad to discuss that in a moment.

Item agreed to.

To provide for federal contribution to farm employment and supplementary plans, $3,283,500.

Mr. ROGERS: On this item I should like to say a word before the discussion continues. The farm employment plan, as hon. members are aware, was worked out after very careful consultation, during which the national employment commission held conferences with representatives of all the provincial governments. It was designed to meet the situation created by the closing of the relief camps and, subsequently, the termination of the special maintenance work upon the railways.

I should like to say here, and I am glad of this opportunity to do so, that during the discussion of unemployment and relief a year ago the hon. member for Portage la Prairie (Mr. Leader) brought to the attention of the house the importance of enabling single unemployed men in the cities to go to the farms, particularly during the winter months, and also the advantage to the farmers of having that additional assistance during this period. The hon. member made a definite proposal, as I recall it, which has been largely carried out in the actual farm employment plan which has been in operation. I give that simply as one illustration to assure hon. members that those responsible for particular departments frequently profit, and ought to profit, from the suggestions which come to them from various quarters of the house.

The farm employment plan, I think we may say, has worked out very successfully. It has meant that the large concentration of single unemployed men, particularly in our western cities, has been dissolved, as it were, and these single men who otherwise would be receiving casual meals at soup kitchens have spent the winter in more congenial and, I submit, more wholesome surroundings. Not only that, but we have reason to believe that a very large number of these men who have been placed on the farms in the west-

ern provinces will be continued in employment during the seeding season. In other words we may say that it is a measure of apprenticeship in farming, since some twenty thousand of those who were so placed are under the age of twenty-five. I give that figure to the house as an indication that these measures have placed these younger people in surroundings much more satisfactory than would have been possible had they remained in the cities or, I suggest, in the relief camps, though some members may question this. Not only that, but in many cases they are given the opportunity to reestablish themselves in what after all is and will be the basic industry of the prairie provinces.

It is quite true that Ontario did not decide to accept this scheme. As hon. members of the house are aware, the plan is one of joint participation; that is to say, the costs involved are divided equally as between the dominion and the provincial government concerned. The government of Ontario, together with all other provincial governments, was approached as early as September of last year in order that we might have plans in advance to deal with the problem of single unemployed and transients. I may say that the national employment commission had a very keen appreciation of this problem, and from my contact with the situation and also with the members of the commission during that period I know that their conferences with the provinces were enormously helpful in bringing about that degree of cooperation which has made the plan successful in those provinces where it has been adopted. The Ontario government rather took the view that owing to the great increase in work being carried on in the woods, through the stimulus given to the newsprint industry, there would not be the same problem with regard to single unemployed transients as there had been in earlier years. In fairness to the Ontario department of welfare I should say that it was also the view of the minister of labour of that province that the wages paid under the scheme were unsatisfactory, that they might tend to reduce the level of ordinary farm wages and interrupt labouring conditions in that province. At all events, for the reasons I have indicated, the province of Ontario did not think it expedient to adopt this plan. I believe I am justified in saying that the plan has worked out successfully in other provinces where it has been adopted.

Mr. MacNEIL: To what extent has farm placement work been conducted in British Columbia?

Mr. ROGERS: The figures for the different months are as follows: November, 79; Deccember, 155; January, 260; February, 220. Those are the numbers actually placed in British Columbia. I should point out that from the beginning we realized that the farm placement plan was not applicable to British Columbia in the same degree as to the prairie provinces, where there were more extensive opportunities for farm placement. Therefore we asked British Columbia to submit to us a supplementary scheme which would deal with the same group of unemployed, but which would provide work for them more in accord with the basic industries of that province. Under this supplementary scheme the men placed were engaged in forestry work and to some extent on highway work which could be done satisfactorily in the winter months. A number were placed in British Columbia under supplementary schemes. In December there were 1,251; January, 2,000; February, 2,270.

Mr. MacNEIL: To what extent must the unemployed comply with regulations respecting domicile in order to come under the farm placement scheme? For instance, I understand that the agreements with the various provinces, and particularly with British Columbia, apply only to those who have domicile in the province concerned, under the regulations as enacted by the province.

Mr. ROGERS: I will have that information in a minute. The hon. member will recall that a peculiar situation existed in British Columbia in that a large number of transients collected in Vancouver who did not qualify for receipt of direct relief. When I was in Vancouver in November of last year I had discussions with provincial government authorities regarding the matter, and also with a number of interested organizations in that city. Although originally the transients who could not establish a domicile might have been excluded from these supplementary works, we did provide that the transients actually in the province at the time the agreement was made should not be excluded. In turn that involved the setting of a date which would prevent transients from moving in from Alberta to British Columbia with a view to obtaining work on the supplementary program. In order to stabilize the situation in the various provinces we sought to have similar plans arranged. Only a few weeks later we arranged a supplementary plan in Alberta. That is to say, we wanted to check transients moving both ways, and, so far as British Columbia was concerned, in order to do that it seemed desirable to set a definite

date so as to determine those who should be eligible for employment on a supplementary works program.

Mr. MacNEIL: What is the situation now? Has any uniformity been achieved with respect to the regulations concerning domicile, and to avoid having a large number of men described as transients who would be denied relief or employment on a relief project in any province?

Mr. ROGERS: Certainly that has not been the case with regard to special measures we have taken in recent months. For instance, in respect of farm placement no domicile is required. No special regulations with respect to domicile have applied generally with regard to the supplementary schemes in the various provinces which were designed to afford employment to the single unemployed. Only where, as in British Columbia, there was a danger of continued influx of new transients to take work under the supplementary plan was there a restriction made of the kind I have indicated.

Mr. MacNEIL: What is the position of men who could not be accepted in British Columbia, but who accepted transportation to other provinces? Would they be included in a scheme in Saskatchewan or Manitoba, for instance?

Mr. ROGERS: I know of no reason why they should not be accepted for farm employment in any province. Certainly there was no restriction as to date of eligibility in connection with farm employment. As a matter of fact when I was in western Canada I met a number of transients who had moved eastward from British Columbia, and who apparently were prepared to accept farm employment in one of the prairie provinces.

Mr. MacNEIL: Has the minister given consideration to the problem of the single unemployed in Ontario? The matter was brought to his attention in a previous discussion this session. There are many men who cannot obtain direct relief, who are moving from city to city and are apparently not eligible under any relief project in Ontario.

Mr. ROGERS: That is a question which I believe might very properly be taken up with the provincial government in connection with a joint works program during the coming year. I cannot say in advance what can be done to meet the situation, but I can say that the Department of Labour here has not been indifferent to the problem. What I have indicated as to the measures which have been taken elsewhere is some evidence of our desire to meet that particular province. I can understand well the plight of some of the single unemployed in Ontario. I believe that through unemployment bureaux a special effort is now being made to place as many as possible in farm employment.

Mr. MacNEIL: Would the minister state the wages paid on the special forestry project in British Columbia?

Mr. ROGERS: I shall have the information in a minute.

Mr. CLARK (York-Sunbury): Has the farm employment plan been accepted in New Brunswick?

Mr. ROGERS: New Brunswick has made no placements under the plan. It is open to them, as it was to the other provinces.

Mr. CLARK (York-Sunbury): Will there be any other plan for the employment of the young men there?

Mr. ROGERS: New Brunswick was asked to submit a supplementary plan. They complied with the request, and an agreement was entered into for the employment of a number of single unemployed transients on forestry work. That work did not involve the employment of very many single unemployed men. As a matter of fact the preparations required to carry out the plan were such that it did not really employ as many as was originally anticipated.

I shall quote section 8 of the agreement, to set out the wages in British Columbia:

> The rates of wages and working hours of all persons employed in the execution of projects under this agreement shall be those hereinafter provided. It shall be the duty of the province to see that all persons employed on any project approved under the terms of this agreement shall, during the continuance of the work, be paid fair wages. Inasmuch, however, as it is considered that the projects authorized to be undertaken by the terms of this agreement are of a class and character which the governor in council, pursuant to the powers granted under section 5 of the Fair Wages and Hours of Labour Act, 1935, can class as a "special case" it is agreed that in general the maximum number of hours per day and per week to be worked by any employee on any of the said projects shall be restricted to eight and forty-four respectively, but in such instances as the province deems advisable, the said maximum may be exceeded, with the limitation that in no instance shall any employee work in excess of an average of forty-eight hours per week over a period of three consecutive calendar weeks. The province shall keep complete records of the hours worked per day and per week by each of its employees on projects authorized by this agreement and such records shall be available for inspection and audit by the dominion.

That does not refer to specific wages. As a matter of fact the dominion Department of

Labour has not laid down schedules of specific wages with respect to any of these agreements. The undertaking is that fair wages shall be paid, and "fair wages" has been interpreted as being the prevailing wage in the province or locality where the work is being done. In connection with the special supplementary works in British Columbia I believe provision was made that single unemployed men should be located on the work.

Mr. MASSEY: A few moments ago the minister stated that Ontario had objected to participating in this scheme. In view of the experience of the past year I am wondering if the Ontario government had changed their minds and if they would now like to come into the scheme.

Mr. ROGERS: I am unable to answer that question at this time.

Mr. MASSEY: In the opinion of the minister this scheme is a success, particularly from the point of view of permanently locating these lads who have gone on the farm. When introducing the item he said he felt that many of these lads would regard their experience as an apprenticeship. If these young men stay on the farm, what steps are being taken to see that the farmer does not take advantage of the fact that they are content to remain? A farmer might keep them on at the low wage they are now paid when otherwise he would have to hire another man for the summer.

Mr. ROGERS: After consultation with the provincial governments we have made a special arrangement whereby this plan has been extended through the month of April. Otherwise, it would have ended on March 31, that being the expiry date of the agreements. Through the provincial governments, the employment offices and the radio we have made a special plea for farmers to keep these men on at the going wage. We have asked the farmers to increase their staffs of farm labourers wherever possible during the summer. Every effort is being made to see that these men are given continued employment. As I have said, it has been arranged that the men remain on the farms during the month of April without allowance to the farmer during that period.

Mr. MASSEY: Will the province of Ontario again be consulted before the coming winter? Most of the farms in Ontario are dairy farms and thus there is almost as much farm labour required during the winter as there is during the summer. This is not the case with the vast majority of the farms on the prairies. It seems to me that if this plan has worked out satisfactorily in the western part of the dominion, it would work out even more satisfactorily in Ontario. Will further representations be made to the Ontario government in this connection?

Mr. ROGERS: I can assure my hon. friend that the matter will receive further consideration during the summer months.

Mr. DOUGLAS: Do I understand the minister to say that unless these men are absorbed by farmers at the end of April they will then be out of jobs? That is practically what it means. The minister says that every effort is being made to have these men absorbed by the farmers, but that is impossible as far as the drought area of Saskatchewan is concerned. The same thing will probably apply to the rest of the province. The farmers have been able to take on these men with the assistance of the government, but the average farmer will certainly not be in a position to pay for a hired man until his crop is harvested, which will not be until the fall. In many instances the governments are furnishing seed and feed and fuel so that the farmers may put in their crops, and it would be impossible for these men to hire labour.

Mr. ROGERS: I do not make the statement in just the terms suggested by my hon. friend. I did say that normally the agreements would have terminated on March 31, but after consultation with the provincial governments the dominion government decided to renew the agreements for the month of April. In the meanwhile a concerted effort is being made to see that the men who came under this scheme are given employment by the farmers during the seeding season. We are in continuous consultation with the provincial governments with regard to this matter and hope to be able to deal with the situation as it develops.

Mr. DOUGLAS: The minister says that every effort is being made, but he does not tell us anything of the nature of the effort. Would it not be possible to continue the same plan through the summer months until harvest time? Otherwise these boys will simply flock to the cities.

Mr. BLACKMORE: Has there been much demand for these boys? Can it be safely said that a place can be found for any man who wants to go on the farm? Have all farmers who expressed a willingness to participate in this scheme been furnished with men?

Mr. ROGERS: I cannot answer that question finally. I do know that when the plan was first put into operation the number of applications went beyond the number of men who could be placed. I would think that with the hopes for good crops which exist in west-

ern Canada this year there should be a considerable demand for this type of labour during the coming months.

Progress reported.

At one o'clock the house took recess.

The house resumed at three o'clock.

CANADIAN NATIONAL RAILWAYS

REVISION OF ACCOUNTING SET-UP—CONSIDERATION OF SENATE AMENDMENTS

The house proceeded to the consideration of amendments made by the senate to Bill No. 12, to provide for revision of the accounting set-up of the Canadian National Railway system.—Mr. Howe.

Hon. C. D. HOWE (Minister of Transport): Mr. Speaker, the bill has been returned from the senate with six amendments and a change in title. As to five of the amendments we can concur, but we cannot agree to the sixth amendment in its present form. As the bill has not been reprinted I will briefly describe the amendments.

Amendment No. 1 is simply the insertion of the word "and." I will refer later to amendment No. 2. It is an amendment of section 11, and we cannot concur in it in its present form.

Amendment No. 3 is a change in the wording of section 16. Subsections 2 to 5 inclusive are struck out and the following substituted therefor:

Such by-laws shall provide for—

(a) the custody of the corporate seal of the trust;

(b) the execution of instruments by two or more trustees;

(c) meetings of the trustees, to be held at least once in every year, the giving of notices of meetings, the appointment of a presiding officer at each meeting and the number of trustees necessary to constitute a quorum at meetings.

That is exactly the same as the bill except that it is worded in a more compact form.

Amendment No. 4 is the changing of a capital "S" to a small "s."

Amendment No. 5 is a change in section 22. This is the substitution:

The Securities Trust is hereby declared for the purposes of the Canadian National-Canadian Pacific Act, 1933, and the Canadian National-Canadian Pacific Act, 1936, to be a corporation comprised in the National railways, provided, however, that subsection 3 of section 8 of the Canadian National-Canadian Pacific Act, 1933, as enacted by section 3 of the Canadian National-Canadian Pacific Act, 1936, shall not apply to the said corporation.

That particular section is a provision that the directors of Canadian National Railways shall be directors of all subsidiary companies. I have no objection to the change. Also section 24 has been struck out and the following substituted therefor:

The minister shall annually include as an appendix to the public accounts of Canada a detailed statement of the assistance, whether by way of grant or unpaid loan of money, undischarged guarantee, grant of land or otherwise given by the Dominion of Canada to every railway, showing separately the assistance given (a) in aid of construction and (b) to meet losses on operation. Such statement shall, as far as possible, show separately for each item of assistance the name of the company to which granted; the date upon which granted; the authority for the grant, whether by statute, contract or otherwise; the purpose for which granted, and the manner in which such assistance has been dealt with in the public accounts of Canada. The appendix shall also contain a similar statement in respect of loans which have been repaid and guarantees which have been discharged, showing the same details and also the dates of repayment or discharge. Grants to relieve unemployment shall not be considered as assistance to the railways.

I have consulted the Department of Finance to ascertain whether a statement in that form is possible. I am told that it is, and I have no objection to that amendment.

Mr. BENNETT: It is merely an expansion of the other section.

Mr. HOWE: Quite, yes. It requires a little more detail than the other section.

Mr. DUNNING: It is what the Department of Finance would, in any event, have done, but it is well to have it stated.

Mr. HOWE: Reverting to amendment No. 2, to section 11, the proposal is to add this statement:

A footnote shall appear in the said accounts stating that the proprietor's equity, representing an aggregate indebtedness of $1,334,567,414, is disclosed in the net debt of Canada, and in the historical record of government assistance to railways as shown in the public accounts of Canada.

There are several reasons why we cannot accept that amendment. The first is that the statement which it makes is not correct. It says, "representing an aggregate indebtedness of $1,334,567,414."

Mr. CAHAN: What is the correct amount?

Mr. HOWE: I do not know. But what they have done here is to take the operating losses and add to them the grants made under the Maritime Freight Rates Act of 1927 and also grants made under the Canadian

National-Canadian Pacific Act of 1933. If one refers to the finance bills under which those moneys were voted it will be found that they were granted not as debts but as outright grants, so that to say they are debts is entirely contrary to the fact. I do not know what figure could be inserted. I cannot imagine what the senate had in mind in making this amendment, but to insert any figure is to do exactly what we are trying to undo through the bill. The purpose of this measure is to take out the deadwood from the corporation balance sheet.

Mr. BENNETT: This amendment does not touch that purpose.

Mr. HOWE: A footnote would not do so? I should like to refer to that argument. It has been said in the senate and in this house that a footnote to the balance sheet is not part of the balance sheet. The accountants of the department, however, say very definitely that the footnote on a balance sheet is part of that balance sheet, and our legal advisers are of the same opinion; both say that no footnote is ever put in a balance sheet unless it is necessary to give a clear conception of what the balance sheet is intended to report. The purpose of a footnote on a balance sheet is to show that bond interest in a certain amount remains unpaid, or that certain preferred interest is unpaid; it is put there because without it the balance sheet does not correctly set out the present position of that business. No such purpose would be served by the footnote proposed in the amendment. This bill eliminates from the balance sheet these losses on operating deficits. That is its purpose. To say in a footnote that these items must also be considered in reading the balance sheet is to undo everything that this bill purports to do.

Mr. BENNETT: But the amendment does not say that.

Mr. HOWE: It provides that there must be a footnote on the balance sheet showing that this amount is involved.

Mr. BENNETT: No.

Mr. CAHAN: It says it is "disclosed" in another statement.

Mr. HOWE: But why would they feel it necessary to disclose a figure, almost as large as the balance sheet itself, in a footnote, unless it has some direct effect on the figures above?

Mr. BENNETT: When the minister has finished I shall say something.

Mr. HOWE: I have suggested two reasons for rejecting this amendment. One is that the figure named is grossly inaccurate; it is not the correct debt at all. The second is that to put in there any such specific sum of that magnitude, however one cares to make it up, is to undo everything that this bill undertakes to do in clearing up the balance sheet situation.

In that connection it is interesting to note that it has been said here that financial centres were quite aware of this duplication. My attention has been called to the statement filed by the underwriters in connection with the recent loan by the dominion in the United States. The underwriters, Morgan, Stanley and Company, found it necessary in a registration statement issued on January 14, 1937, under the United States Security Act of 1933, to caution prospective investors against a misconception of the present combined debt position of the dominion and its railways. This footnote is found on page 23 of the registration statement as follows:

> Under no circumstances should the loans set forth above and the interest accrued thereon, be included in any figure for the gross debt of the dominion plus the debt of the Canadian National Railways, as to do so would involve an overstatement of the total debt of the dominion, and of the railways due to the public by the sum of the above loans and accrued interest thereon, to wit, $1,250,235,251.

My officers who are responsible for these matters tell me that, if we put the proposed footnote on the balance sheet, in order to float a loan in the United States it would be necessary to have another explanation. What we are trying to do is to present to the world a combined statement of the debt of the dominion and the debt of the railways so that the two can be added together and the total liabilities of Canada and its railways disclosed. Unless we can do that there is no purpose in this bill.

I move, therefore:

> That a message be sent to the senate to acquaint their honours that this house has agreed to their amendments to Bill No. 12, an act to provide for revision of the accounting set-up of the Canadian National Railway system, with an amendment to their second amendment as follows:
>
> By striking out of the said amendment the words "representing an aggregate indebtedness of $1,334,567,414 is disclosed in the net debt of Canada and" and substituting therefor the words "is included in the net debt of Canada, and that expenditures by Canada on Canadian National Railway system are set out":
>
> For the following reasons:
>
> The inclusion of the second amendment as worded nullifies the purpose of this bill in that it restores to the balance sheet the amount of accumulated operating deficits covered by loans, and adds thereto the amounts voted in the form of contribution (which are not and never have been loans) under the Maritime Freight

Rates Act, 1927, and the Canadian National-Canadian Pacific Act, 1933, which amounts are duplicated in the net debt of Canada.

I will now read the footnote, the clause as it will be amended by the foregoing:

A footnote shall appear in the said accounts stating that the proprietor's equity is included in the net debt of Canada and that expenditures by Canada on Canadian National railway system are set out in the historical record of government assistance to railways as shown in the public accounts of Canada.

Right Hon. R. B. BENNETT (Leader of the Opposition): The difference between the senate and the minister is the difference between those who desire to disclose the situation and those who desire to cover it up. That is the story. We may talk about it for the rest of the week, but that is the fact.

Mr. HOWE: We want to disclose it, but at the same time we do not want to magnify it.

Mr. BENNETT: It cannot be magnified. I know nothing of the figures because I have not sent for my books to check them up, but the minister has now said that the effort is to cover it up. It is absurd to say that this is a part of the balance sheet. I do not think that any accountant ever said that this kind of footnote forms a part of any balance sheet. I should like to see over the signature of an accountant the statement that a note of this kind is a part of the balance sheet. Every day statements are made—I can show many of them—as to how an amount is made up, but such statements are not regarded as part of the balance sheet; they are explanatory. Here the statement is made that certain amounts are disclosed in the net debt of Canada. I agree with the minister that they should be accurate; but certainly his explanation makes it clear that the desire is to cover it up. I do submit again that it is a very bad thing not to have in the balance sheet of the Canadian National Railways the information which heretofore we have had. We had the information about the deficits under the Canadian National-Canadian Pacific bill of 1933. They are all there. I read them the other day from page 10 of the balance sheet. They are there every year, and no attempt has been made to cover them up nor have there been any statements as to their being included in the national debt.

The suggested amendment would be all right were it not for the fact that it is not strictly accurate inasmuch as that sum included some old Canadian National and Grand Trunk matters which only subsequently came into the Canadian National system. It might be put this way:

[Mr. Howe.]

A footnote shall appear in the said accounts stating that the proprietor's equity is included in the net debt of Canada and in the historical record of government assistance to railways as shown in the public accounts of Canada.

It would be inaccurate to say that it is shown in the report with respect to assistance given to the Canadian National Railways, because they did not come into being until long after a portion of the money so indicated had actually been expended on these roads. It must be remembered that this originated with the government itself. Section 24 is merely a statement of principle which the government suggested to the committee and which is now more fully set out; and to say that the indebtedness is disclosed in the net debt of Canada and in the historical record of government assistance would be strictly accurate in view of that clause, the principle of which was suggested by the government, the adoption of it in its present form being merely an expansion of what was originally stated as the principle.

I cannot see that the suggested amendment meets the situation from the standpoint of accuracy, to which I am sure the minister is as desirous as I am to adhere. Perhaps he would read the whole section.

Mr. HOWE: I will read the section as a whole, as it will appear:

A footnote shall apear in the said accounts stating that the proprietor's equity is included in the net debt of Canada—

As a matter of fact it is there to-day, and this statement is necessary to clarify the balance sheet. We are adding:

—and that expenditures by Canada on Canadian National Railway system are set out in the historical record of government assistance to railways as shown in the public accounts of Canada.

In other words, we are tying up the balance sheet with the statement in the public accounts, and to put a definite figure in there would be misleading because the figure will not be the same from year to year.

Mr. BENNETT: Only with the permission of the house—for I have no right to speak again—I think the minister will find that the statement he has made, assuming that he leaves out the figures altogether, will not reflect the true situation if he desires to be accurate. He is using "is included" instead of "is disclosed." I think he is right in saying "is included in the net debt of Canada."

Mr. HOWE: That is what we want to say.

Mr. BENNETT: That is all right. Then there should follow after that: "and disclosed in the historical record of government assis-

tance to railways as shown in the public accounts of Canada," because the public accounts of Canada showed the whole expenditure, and the Canadian National Railways did not become an entity until long after many of these expenditures had been made; therefore the statement in the footnote would be inaccurate.

Mr. HOWE: I want two statements there: first, an indication that the proprietor's equity is included in the net debt of Canada—that is necessary to explain the balance sheet—and second, a tying up of the balance sheet with a complete statement that we are setting up in the public accounts.

Mr. BENNETT: The Canadian National system did not until it became an entity include the assistance given to the Canadian Northern and other railways, which helped to make the aggregate sum in question. Therefore if after the word "Canada" you say: "and disclosed in the historical record of government assistance to railways as shown in the public accounts of Canada" you accomplish the purpose the minister has in view, namely, to tie it up with the public accounts, and at the same time the statement is so general as not to be open to a charge of inaccuracy.

Mr. HOWE: I think my right hon. friend is entirely right, but I am trying to meet the views expressed by the senate committee. I am putting it in for that purpose only; my personal opinion is it should not be there.

Mr. CAHAN: If you change the word "disclosed" in the second line of the amendment as proposed by the senate to "included," and insert after the word "and" in the third line the word "disclosed," you have done all that is necessary, of course striking out "representing an aggregate indebtedness of $1,334,567,414." So that if you strike out part of line 2, substitute the word "included" for "disclosed," insert "disclosed" after "and" in the third line, you have a statement which is accurate.

Mr. HOWE: I think my right hon. friend, the leader of the opposition, has cleared this up, and I will ask my colleague to move accordingly.

Mr. DUNNING: On which I think we can agree, and thus attain the objective of agreement with the other house.

Mr. BENNETT: I hope so.

Mr. DUNNING: I move that the second amendment made by the senate to Bill No. 12 be amended to read as follows:—

A footnote shall appear in the said accounts stating that the proprietor's equity in included in the net debt of Canada and disclosed in the historical record of government assistance to railways as shown in the public accounts of Canada.

Mr. BENNETT: And the message to their honours will be amended accordingly.

Motion agreed to.

IMMIGRATION ACT AMENDMENT

Hon. T. A. CRERAR (Minister of Mines and Resources) moved the second reading of Bill No. 102 to amend the Immigration Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—Domicile.

Mr. CAHAN: It strikes me that this person who is absent may not be a representative or employee of a firm, company or organization. There is much foreign commercial activity carried on by individuals other than such representatives or employees. A leading engineer may send an employee abroad to make surveys for an electrical development in a foreign country. He may have to remain abroad more than a year. Make it read "a person, business, firm, company . . ." A person engaged in business on his own account would be covered. "Firm" has a technical meaning of the association of two or more persons in a business.

Mr. BENNETT: If it said "employee of a business organization." Put the word "business" before "firm."

Mr. CRERAR: I am quite in sympathy with the suggestion made by the hon. member for St. Lawrence-St. George, although as I understand the act, if such a person is absent not more than six years he does not lose his right of Canadian domicile. If he is absent more than six years he does lose it.

Mr. CAHAN: That is only partly true. If he was not born in Canada, but acquired domicile either through being a British subject when he came to Canada or through having acquired a certificate of naturalization while in Canada, his absence for one year is sufficient to lose it.

Mr. BENNETT: Unless he reports.

Mr. CAHAN: And in such places as in many parts of South America you cannot find a person to report to except perhaps by travelling through hundreds of miles of wilderness.

Mr. CRERAR: In that event the person absent would probably be a representative of an organization.

Mr. CAHAN: A one-man organization often.

Mr. CRERAR: If a man having an office and carrying on the business of engineering sent a representative say to Mexico to report on an engineering project, I think such a person would come within the category.

Mr. BENNETT: There is a little doubt about it. Why not just add the word "business?"

Mr. CRERAR: That suggestion is quite agreeable to me. The purpose of the clause is the very thing my hon. friend suggests.

Mr. BENNETT: I found that our trade commissioners abroad are worried in connection with their children. Say "a business, firm, company or organization." Or you could put it the other way about.

Mr. CAHAN: I simply say that for five years while I was in office hardly a week passed when some difficulty of this kind did not arise. I have known of most pitiable circumstances—

Mr. CRERAR: My colleague will move the necessary amendment.

Mr. MACKENZIE (Vancouver): I move that the word "business" be inserted after the word "a" in line 14 of section 2.

Amendment agreed to.

Section as amended agreed to.

Sections 3 to 10 inclusive agreed to.

On section 11—Duty of companies to reconvey rejected immigrants to country of birth or citizenship.

Mr. NEILL: It seems to me we are committing an injustice against somebody here. The minister will tell me it is the same wording that is in the old act, but that does not make it any better. The section reads:

> When any immigrant or other person is rejected or ordered to be deported from Canada, and such person has not come to Canada by continuous journey from the country of which he is a native or naturalized citizen, but has come indirectly through another country which refuses to allow such person to return or be returned to it, then the transportation company bringing such person "to" such other country shall convey such person from Canada to the country of which he is a native or naturalized citizen—

I think it should be "from such other country." This may work a great hardship on some innocent shipping company. We will suppose the law says that Chinamen may be

allowed into the United States but not into Canada. A perfectly innocent company brings a Chinaman to the United States; many years later that Chinaman is brought to Canada. His entry is illegal, and we discover that, but instead of saying that the company which brought him from Seattle to Vancouver should take him back again we compel the original company that brought him from Hong Kong to the United States to take him back. That does not seem fair, and I do not know how it can be enforced. The man who comes by ship to Vancouver can be returned in that way, but how can we have anything to do with a company which may not have anything to do with Canada at all?

Mr. BENNETT: I think the hon. member for Comox-Alberni has the wrong interpretation. The section says, "but has come indirectly through another country which refuses to allow such person to return or be returned to it." If there are two countries affected he has to be taken back to the country from which he came originally.

Mr. NEILL: He came to the intermediate country innocently enough. He was legally entered there.

Mr. CRERAR: He can be returned there, then.

Mr. NEILL: That is what I want to have done, but the minister is providing not that he shall be returned by the company which brought him on the last leg of his journey but that the original company shall be penalized because he was brought from China to the United States. Surely the company to be penalized is the company that brought the man into Canada, not the company that brought him to the intermediate country.

Mr. CRERAR: I do not think my hon. friend from Comox-Alberni is quite correct. If a ship brings a Chinaman from Hong Kong to San Francisco and the Chinaman is allowed to land, he is legally in the United States, and in that case he can be returned from Canada to the United States if later he should come to this country. But if he is in the United States illegally and comes to Canada, then we put the burden on the steamship company that brought him to the United States; they must take him back to the place from which he came originally.

Mr. NEILL: But his original entry was legal. The first country does not say he was there illegally; they merely refuse to allow him to return.

Mr. CRERAR: If he is in that country legally they cannot refuse to allow him to return.

Mr. CAHAN: I do not wish to complicate the matter, but taking the illustration given by the minister—it is not necessary that the man should be Chinese or Japanese; he may be a citizen of one of the South American states. He is first brought to the United States and from the United States he comes to Canada. Then you wish to deport him and to provide for the cost of deportation. How can the Department of Immigration in Canada impose upon a steamship company, which has no relations with Canada whatsoever, the expense of a deportation from Canada? What jurisdiction would you have over some South American steamship company running from Buenos Aires to New York which brought in a citizen of Argentina, or a company running from Rio de Janiero to New York which brought in a citizen of Brazil? How could you exercise any control over that steamship company which is not connected with Canada, which never calls at Canadian ports and which has no agency in Canada? How could you collect the expense?

Mr. CRERAR: In that case I would say we probably could not collect, but if that company ever sent a ship to any Canadian port then we could get at the company and collect the cost.

Mr. NEILL: Why not put the obligation on the company that actually brought the man to Canada, the steamship company that brought him from New York to Halifax? Then if they have any redress against the first steamship company, let them go to it. We can make the steamship company that brought him here from New York take him back, but we cannot touch the other company, so in that respect the statute is not worth the paper it is written on.

Mr. CRERAR: Taking the case of a Chinaman, a steamship company may bring a Chinaman to Seattle legally, we will say. Later he comes to Canada, but having entered the United States legally he can be returned to that country. If he comes to the United States illegally; that is, if he escapes the immigration authorities at that port and then walks across to Canada, he is in Canada illegally. The United States refuses to take him back, and then we put the obligation on the steamship company that brought him to Seattle to carry him back to China.

Mr. NEILL: All I say is that we are putting the obligation on the wrong company. In the first place he entered the United States legally; later, owing to some action of his, the United States thought they were well rid of him and refused to take him back. Perhaps he had been accused of some crime, and they wanted to get rid of him. The person with whom we are dealing, and the only person with whom we can deal, is the person that brings him to Canada. Under this act we are asked to go out into the world at large and find some company which may have brought him over the first stage of his journey, a company of which we may have no knowledge and over which we have no control.

Mr. CRERAR: It has been the law for years and has worked very successfully.

Mr. BENNETT: It was intended to operate as a deterrent.

Mr. NEILL: Has there ever been a case where we could find this first company?

Mr. CRERAR: I cannot give any specific instance to my hon. friend, but I can imagine a case like this, where an immigrant may be brought illegally into a port such as Seattle. He is entered into the United States and is not carried into Canada by any transportation company. What recourse have we against him?—none, unless we can get after the steamship company which originally brought him in.

Mr. NEILL: Yes, you can arrest him. But, suppose the conditions are as the minister describes: What are you going to do with the man whilst you are hunting for the number one steamship company? You have to do something with him. He is here in Canada. You will put no obligation on the company which brought him on the last leg of the journey. What will you do with him while you are hunting for the original company? You impose no obligation on the company which brought him in here, so I suppose you are going to keep him in Canada. What are you going to do with him while you are hunting for this elusive company we know nothing about?

Mr. CRERAR: We will probably send him out of the country.

Mr. NEILL: To where?

Mr. CRERAR: To the country he came from.

Mr. NEILL: The party to do that is the company which brought him to Canada.

Mr. BENNETT: The provision has been there since 1910.

Mr. NEILL: That is a very poor reason.

Mr. DUNNING: It dealt with a specific situation which arose at that time.

Section agreed to.

Sections 12 to 15 inclusive agreed to.

On section 16—Deposit as security for return of deserters.

Mr. CAHAN: This is a new section?

Mr. CRERAR: Yes. May I explain that when a seaman deserts from a ship in a Canadian port the ship is required to put up a deposit of $300, if my memory serves me correctly as to the amount. That deposit is held by the Canadian government through the Department of Immigration. The deserter may remain in Canada a few weeks and then accept work on another ship leaving a Canadian port. There is no provision in the law in such cases for the return of the deposit secured in the first instance from the ship which originally brought him to the Canadian port. This is simply to provide authority that in such cases, or in other cases where similar action would be proper, the deposit may be returned. I may say this matter has been brought to our attention by the British government.

Mr. BENNETT: I believe the words "that it be returned to the depositor" might be left out. I do not think they should have the money returned to them. However, I shall not press the point.

Section agreed to.

Sections 17 to 19 inclusive agreed to.

On the preamble.

Mr. LOCKHART: May I make a general inquiry of the minister? I was inclined to ask the question on section 5, but possibly I may be permitted to do so now. During my brief experience in the application of the Immigration Act I have come in contact with cases in which section 5 would apply, and I have no doubt the department has had many such experiences. I do not wish to reopen the discussion, but there may have been many immigrants from southern European countries to which section 5 would apply. I am just wondering if the minister has contemplated a more definite immigration policy than has been followed in the past of promoting immigration of people of Anglo-Saxon origin. Could the minister give the committee any information as to whether he has in mind any further policy with respect to bringing out more people of Anglo-Saxon or Scandinavian origin, or generally a policy of having a better type of immigrant than on occasions we have had in the past?

[Mr. Neill.]

Mr. CRERAR: I believe we are out of order in discussing section 5 at this time, but if I am to answer the hon. member it will be necessary for me to be out of order for a moment or two.

Mr. BENNETT: This bill does not touch the problem of immigration.

Mr. LOCKHART: The application of the act with respect to certain cases has brought the matter to my attention. As I say, in a general way there are many immigrants which come from the southern part of Europe.

Mr. CRERAR: And a great many from other countries as well.

Preamble agreed to.

Bill reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF LABOUR

To provide for federal contribution to farm employment and supplementary plans, $3,283,500.

Mr. MacINNIS: The hon. member for Vancouver North (Mr. MacNeil) asked a question with respect to wages paid on forestry projects in British Columbia. The minister replied that the federal government had set no definite wage, other than the stipulation that a fair wage would be paid. Has the minister any information as to wages paid? If the men who have worked on the forestry projects secure employment after leaving the forestry work, is the deferred part of their wages kept back, or is it kept back only in the event of their being unemployed?

Hon. NORMAN McL. ROGERS (Minister of Labour): I am sorry I have not the information with respect to the actual wages paid the men on forestry projects. As the hon. member is aware, the administration of the agreement is in the hands of the provincial department. I do know as a matter of fact that under the original arrangement a portion of the wages was to be deferred and paid to the men over a period of weeks following the termination of their service. I have no knowledge of arrangements which would be made to deal with the particular case he has in mind, namely as to whether the deferred pay would be handed out in a lump sum if the man went immediately into other employment. Have I understood the hon. member's question correctly?

Mr. MacINNIS: Yes.

Mr. ROGERS: I shall be very glad to secure the information, but it does not come to me as a matter of course.

Mr. DOUGLAS: Before the house rose at one o'clock, dealing with the plan under which men on the farms were to be taken care of until the end of March, the minister informed the committee that there has been an extension to cover the month of April, $5 per month being paid to the employee but nothing to the farmer. I was asking the minister what would now be done for these young men and he replied that every effort was being made to have them absorbed by the farmers now employing them. I was pointing out that most farmers, particularly those in the drought area of Saskatchewan, would not be in a position to employ them. It seemed to me the minister was delightfully vague about just what was going to happen. Here we have several thousand young men employed on farms in Saskatchewan. What is going to happen to them? When seeding operations are completed where are they to go? Men are needed on the farm more in the summer than in the winter. Has the government in mind some plan to look after these men during the summer months? Is this vote only to pay for the scheme that has been in operation during the winter months?

Mr. ROGERS: As circumstances may warrant, amounts will be available for single unemployed men, either under the schemes now in operation or under some other arrangement as may be made. As my hon. friend will observe, the item reads:—

To provide for federal contribution to farm employment and supplementary plans.

I can assure my hon. friend that we are keeping closely in touch with the situation in the prairie provinces. We have had it in mind from the beginning that every effort should be made to see that these men on the farms are kept in employment wherever possible. I hold in my hand a letter dated March 17 from Mr. Molloy, commissioner of public welfare in the province of Saskatchewan. He states that they always have a large number of unfilled farm jobs during the months of March, April and May and that they undoubtedly will be in a position to offer farm employment to any person applying for relief. Our information is that owing to the expectation of good crops in western Canada there is likely to be a greater demand this year for farm labour than there has been in several years. We have it on definite information that a large number of those employed under this scheme will be retained by the farmers with whom they are now living, at least for the seeding season. I can assure my hon. friend that we shall continue to watch the situation carefully in order that it may be dealt with adequately.

Item agreed to.

To provide for federal contribution towards the greater Winnipeg sewage disposal scheme, $362,200.

Mr. CHURCH: How is it the city of Winnipeg can get a direct federal grant? I do not object to that city getting some help from this government, but if assistance is given to one municipality for the construction of trunk sewers or other works of the kind, the same thing should be done for other municipalities. There are many other municipalities greatly in need of increased sewage facilities. I do not see why this city should be singled out for treatment outside of the general legislation. Toronto is carrying out a $30,000,000 trunk sewer scheme at the present time and has not asked the provincial and dominion governments to contribute one-third each of the cost. The principle of confederation, each for all and all for each, should apply.

Mr. BENNETT: I think I should say that the minister is not responsible for this. The former government made this arrangement with the city of Winnipeg in consequence of the Red river having shrunk in volume to such an extent that the health of the whole community was threatened. The province made representations and the arrangement was made that we would pay one-third of the cost of this scheme to protect the health, and shall I say the lives of the people of Winnipeg. The Red river was one over which we exercised some jurisdiction, and the minister merely inherited this matter.

Mr. ROGERS: Perhaps I should say that the arrangement was made through the provincial government.

Mr. MASSEY: There is a business project of which I am about to speak, but which has been rejected by business men as not being one likely to pay, but which if the initial cost could be met might be made into a most extraordinarily efficient and productive proposition. I was very much impressed this last autumn with the spectacular and dramatic waste of heat occurring in the Turner Valley of Alberta. There I saw scores of fires burning the waste gases from the various wells, heating the whole outdoors to no purpose whatsoever. It is a well known fact that such gas has been advantageously utilized in many places for heating purposes. There is little or no doubt that there are sufficient b.t.u.'s being dissipated

in that area to heat the greater part of the cities of Calgary, Regina and Winnipeg. I realize the piping of this gas for such long distances would be an expensive proposition and perhaps of doubtful business value from the point of view of the initial cost, but we are living in a day when money is being spent to keep men in idleness or to give them work on various relief projects which are of doubtful value. Has the minister given consideration to such a proposition as I have outlined as a relief project? This project would provide work for both skilled and unskilled labour. It may be entirely removed from the realm of possibility or feasibility, and I am only asking the minister if any consideration has been given to the matter.

Mr. ROGERS: I do not recall that this particular proposal has come to the department. I must say that I am not competent to pass upon the engineering feasibility of the scheme. I agree with my hon. friend that where possible we should see that expenditures are made in a direction that will lead to collateral and additional ultimate employment. Any proposal of that kind which is referred to us we consider most carefully. Where we have not the engineering staff in our own department to consider the matter, we refer it to other departments which have the requisite staff.

Mr. MASSEY: This is not a matter limited only to the province of Alberta. There is sufficient heat being wasted in the Turner Valley to burn up the city of Calgary overnight. The service could be extended to Regina and Winnipeg, thus becoming an interprovincial proposition in which the federal government could well interest itself.

Mr. COLDWELL: Several years ago a private corporation did submit a plan which was found to be quite feasible from the engineering point of view. It was from the economic point of view that the feasibility was doubtful. The amount involved to pipe the gas from Turner Valley to Saskatoon and to Regina by a triangular route was approximately $18,000,000. An alternative proposition to pipe the gas to Regina from the Turner Valley field, touching on the way Swift Current and several other cities, amounted to some $14,000,000; and there was actually a scheme voted upon in the city of Regina several years ago to bring in gas from the Bowdoin field in Montana at a cost of about $11,000,000. These estimated prices were in boom times, and I happen to know that early in the depression—I think it was in 1933 or 1934, anyhow shortly after I left the council at Regina—a scheme exactly like the previous one to bring gas from the Bowdoin field to Regina was discussed. It was to cost about $6,750,000, or about half the cost of the original Calgary-Regina scheme.

I believe there is a great deal to be said for the suggestion of the hon. member for Greenwood (Mr. Massey) as a conservation measure and for the utilization of something which I, at least, regard as a criminal waste. No doubt the minister has been in the Turner valley, and I am sure he would agree with me that probably it represents one of the world's greatest wastages. Billions of cubic feet of gas, after the naphtha has been removed, sufficient for almost all the heating and lighting needs of the prairie provinces, are going to waste every day. As an unemployment measure consideration might be given to the proposal. I realize however, that in respect of such schemes the cost of material is a factor, and the outlay for piping would be a fairly large percentage of the total. But I believe that if geologists can assure the government that there is a fair supply of gas for the future—as to which, I may say, doubt has been expressed from time to time—the enterprise might be remunerative, would conserve a great resource, would utilize something which to-day is a great waste, and probably give a tremendous service to the people of western Canada. As I have said, it is an engineering possibility, but whether it is economically practicable or economically desirable is another matter on which I cannot pass an opinion.

Mr. LANDERYOU: Has the minister received any suggested plans from the provinces in connection with the utilization of this gas?

Mr. ROGERS: I stated a moment ago that I have not received a definite proposal in this matter from any province. It may be, as was suggested by the hon. member for Rosetown-Biggar (Mr. Coldwell), that some years ago a proposal was sent to the Department of Labour here. I can only say I have no knowledge of it. I surmise that some question might arise as to the effect of such an undertaking on the coal mines of Alberta.

Mr. CHURCH: A most dangerous principle is involved in this vote. I do not see why any one municipality should be allowed to balance its budget with federal aid. For example, the city I referred to, one of whose members is the hon. member for Greenwood (Mr. Massey) has had to provide a vast general Greater Toronto sewage system not only for the city but for many incorporated villages, towns and townships within a radius of miles. It has been found necessary to put in a slow sand water filtration plant. Now

the city sewers, the capital charges for which are being carried by the body of the taxpayers, have become overloaded, with the result that they have to consider a vaster system than has been, which will cost from twenty-five to thirty millions of dollars. The committee is now asked to pay money to Winnipeg for a greater sewer system. As soon as they get the sewers they will want water. I am unable to see why this particular municipality should be singled out for special treatment; it is not fair, and it is contrary to the British North America Act. Why are they under a special direct municipal vote? Furthermore, when they have got the sewers they will probably want the dominion government to defray one-third of the cost of maintaining them, and that would be a very large undertaking. I appreciate the difficulties of Winnipeg in respect to the sewerage system, but every city and town is having difficulties of much the same sewage kind. They have not been able to maintain their systems adequately owing to the depression and the consequent lack of municipal funds. But it is not fair to other municipalities that some municipalities should come to this parliament and have services provided for them at the expense of the country at large. I do not think any other country is doing that kind of thing. As an hon. member has reminded us, Hamilton, Toronto, and other cities for instance, needs assistance in respect to its sewerage system. The same tendency to special treatment of certain places is to be seen in the main estimates, the supplementary estimates and the extra supplementary estimates. Certain places where they vote right receive special treatment; others which don't vote right get nothing. I could mention to the Minister of National Reevnue some of those other places which did not get a five cent piece.

Mr. ROGERS: The leader of the opposition has already explained to the house the circumstances under which the dominion government agreed to contribute to the Winnipeg sewerage project. The original agreement was for a year. We inherited that obligation; at the same time we did not seek to evade our own responsibility in relation to it. It was commenced as essentially a health measure because of an acute situation which developed in Winnipeg at that time. I might add that in connection with the whole transaction the negotiations were carried on with the provincial government.

Item agreed to.

To provide for development and training projects for unemployed young people, $1,000,000.

Mr. MASSEY: I am sure that, considering this particular item, the committee must realize it touches one of the most important subjects which has come before the house this session—not perhaps because of the size of the vote, which certainly is not excessively large, but on account of the importance of the use to which the money will be put. It is to be regretted exceedingly that it is in the dying hours of the session that this particular item is brought to the attention of the committee. After all the object to which the money will be put is one which concerns this dominion as vitally as any item which we have so far considered in this or any other session.

I know that it would be entirely distasteful to hon. members were I or anyone else in this chamber to indulge in a lengthy discussion of this or any other item or to attempt to launch a debate on the subject. Therefore I will confine my remarks to the minimum and endeavour to cover the subject as rapidly as possible.

I fully realize that I am speaking before the minister has had time to state what he has in mind under this vote, and perhaps before I make any remarks he would prefer if I surrendered the floor to him to permit him to give his statement. Or shall I proceed?

Mr. ROGERS: Now?

Mr. MASSEY: Yes.

Mr. ROGERS: This is a new vote, and I had proposed to make a brief statement to the committee respecting the expenditures which it is proposed to make under it. I should say in the beginning that this vote finds a place in the estimates this year by reason of the fact that when the National Employment Commission Act was passed last year provision was made for the appointment of a youth employment committee. We made that provision for this reason, that upon the basis of the knowledge obtained through the registration and classification of the unemployed we believe there was a very special problem as regards the age group of, let us say, eighteen to twenty-five years, the younger members of the community who have completed their school years and have been obliged to seek employment under conditions most unfavourable to gaining employment. There has been and possibly will be in parliament a measure of criticism respecting the setting up of the youth employment committee. Possibly that criticism will extend to the segregation, for special consideration, of a particular group of the unemployed.

Naturally as Minister of Labour I must accept full responsibility for advocating the setting up of the youth employment committee and also for this item now before us. It was as a result of the study by the youth employment committee that the recommendation was made that a sum should be placed in the estimates this year to provide for special training projects for unemployed young people. I think I am quite within the facts when I say that this item as it appears in the estimates was a result of the setting up of this special committee of the national employment commission.

A further question arises as to the manner in which this sum can be expended to the greatest advantage. The youth employment committee made a number of reports directly to the national employment commission. The commission gave further study to these reports and made definite recommendations to the government. In these reports the suggestion was made that this money could be expended to the best advantage in some provinces upon forestry projects or upon projects which would enable unemployed young men to fit themselves for work in the primary industries of those particular provinces. For example, in British Columbia, where there is a very large forest reserve and lumbering is a basic industry, it was suggested that it would be most desirable that the training projects there should relate to forestry or to mining, another important industry in the province. So far as the western provinces are concerned, there is an obvious advantage in having training projects directed rather towards employment in agriculture in one of its forms or conceivably in the building trades. We have had some definite representations with regard to the need for further skilled labour in the building trades in some of the western provinces. In the central provinces there is need also for work in the forests, particularly fire protection, and we have under consideration the establishment of a small corps of young unemployed men who will gain experience and as well, we believe, a wholesome acquaintance with the outdoors in the protection of the forests.

Mr. MacNICOL: They will have first to cut roads into the forest.

Mr. ROGERS: That may be necessary.

Mr. MacNICOL: Not may be; they must.

Mr. ROGERS: I am willing to accept that as a necessary part of the work; of course, I am speaking in general terms. The hon. gentleman is familiar with the work of reforestation, but some of the general projects might very well cover that aspect of it.

[Mr. Rogers.]

Mr. MacNICOL: That is a splendid way to employ young men.

Mr. ROGERS: Then we have in the maritime provinces certain proposals with respect to the training of young men for hard rock mining and in New Brunswick for forest work.

In all that we seek to do under this vote we are going to try to secure a proper sense of direction through which we may be able later if the necessity should continue to concentrate our efforts upon particular measures of reestablishment. I should like to point out to the committee, however, that it would be neither wise nor practical to indicate one predigested plan, so to speak, which would apply generally throughout the dominion. We are of the opinion, especially where we have in view that this action should be taken in cooperation with the provinces, that the training projects should be related as far as possible to the basic industries of the province wherein unemployment exists. There is also, and I believe it is becoming more evident each day, a growing need for training some of our young unemployed in the skilled trades. That applies particularly in certain branches of the building industry. Hon. members are well aware that this industry has been passing through a very acute depression. It has not responded as quickly to the forces of recovery as have some other industries in the country. At the same time it is now becoming recognized in some of the larger cities that we may have a real shortage in the building and construction industry. We propose to discuss with the provincial governments of the more industrialized provinces the feasibility of arranging special classes for unemployed young people in such trades as are most likely to ensure their early absorption into the economic life of the country.

Mr. HEAPS: Will the minister consult the trade unions to ascertain what in their opinion are the best trades to which young men should be apprenticed?

Mr. ROGERS: We propose to do just that. I am glad the hon. gentleman has mentioned it at this time. In our earlier conversations we have had consultations with representatives of the various trade unions concerned, and certainly in any final action taken we shall have the benefit of their views.

I believe I have indicated in a general way, with as much particularity as is possible at this time, what we propose to do under this vote. I do not suggest that it is more than an approach to the larger problem. At the same time, from all that I have been able to gather in recent months, there is no feature of the general unemployment problem that challenges

our attention and interest to-day to a greater degree than this problem which we seek to deal with under this vote.

Mr. MacNICOL: Has the minister considered and, if so, is he sympathetic with the United States scheme known as the C.C.C. camps—the civilian conservation corps? I have visited a number of these camps and I think it is a splendid way of putting young men to work. They learn a good deal and perform much useful service. The proof is the fact that the United States itself has adopted the principle of C.C.C. camps as a permanent institution.

Mr. ROGERS: I believe that the C.C.C. camps in the United States have operated with considerable success. I may remind my hon. friend that those who are in the civilian conservation corps are enrolled and are subject to discipline while in those camps. That is an important consideration in the general scheme of the C.C.C. camps. I doubt whether under this vote we shall be able to make substantial progress in the country generally in setting up such camps, but there are some provinces that have already expressed their interest in work connected with the forests, and there we may very well be able to carry out the idea my hon. friend has in mind.

Mr. CHURCH: I have seen some of the camps the minister speaks of, and I know that Miss Perkins, the Secretary of Labour in the United States government, has issued reports in connection with them. In my opinion it would be a flat failure owing to different conditions if attempted in Canada. Our experience should have taught us what to do for the youth of the country. I have no faith in any of these camps or committees or commissions proposed by the minister under this million dollar vote, and if we are not careful we shall get no value at all for the money we are going to spend. Let me read three or four short sentences to the minister. This is a book on the new conservatism, entitled Conservatism and the Future, by Lord Eustace Percy, M.P. and others. It will show the futility of these camps as a palliative, and that the scheme is all wrong if begun in Canada both from an educational and industrial standpoint. Lord Eustace Percy, President of the Board of Education, says:

> In our educational example, one of the chief weaknesses of the body politic is the dislike manifested by many of the most enlightened industrialists, who are really keen on education, for any organized system of part-time education and part-time employment. The problems of internal factory organization which such a system must create are many and serious; yet unless they can be solved, unless the inhibition can be removed, no thorough educational reform is possible. There is one obvious way of removing the inhibition: the five day working week, during which the employed juvenile would receive his specific craft training in the factory, with a universal system of Saturday morning continuation classes. This idea needs careful testing before it is put into practice, but in many, if not in most, industries Saturday closing might well be found to have positive advantages in reducing "terminal" costs, and again educational reform would be merged in a larger reform of occupational life, a reform which would be organic because it would be economic.

He also says, concerning a forward policy for the aid of youth in the depression:

> This policy involves, first of all, not a merely educational, but an industrial reform: the imposition on organized industries of a statutory duty to formulate their schemes of recruitment and training, or in other words, a revival in a new form of the idea of apprenticeship as the path to a definite professional status. It involves, in the second place, an extension of compulsory full-time school attendance, not to some fixed and unalterable point dictated by the requirements of school classes, but to points corresponding with the various approved recruitment schemes of industries. It means, thirdly, a new cooperation between the state and industry in the establishment of a system of part-time education . . .

—along the lines suggested.

This can be done only by cooperation between industry and the boards of education in the country. Take all these high school students going around the country riding the rods; are they to be referred to Mr. Purvis's commission and youth committee, the most useless lot of committees and commissions I ever saw? But they represent a lot of money, not only in the main estimates but in this estimate. I served on the Toronto board of education, and from my experience I believe the minister's plan is all wrong. He referred to camps in the United States; I can tell him that Miss Perkins has just put into effect during the past year a scheme by which a certain number of these students are selected by the educational authorities for further training, and instead of having to quit high school, as they do by thousands in this country, because of inability of the parents on relief to keep them there, she has adopted a system of keeping these children in the high schools. They get about two dollars a week and attend the commercial and industrial classes, and some the night schools. When they are not able to get lunch they give them a small lunch in the school cafeteria, which costs very little. I have seen these camps all over the country, both military and industrial, and I can tell the minister that the young men would rather be out of work than go to some of these camps and waste their future. They do not want the dole.

The educational system of this country is all wrong in many ways. A commission was appointed by Sir Wilfrid Laurier on technical education and youth in industry in 1909 which dealt partly with this very problem. I asked the minister to bring down in the house the clauses of its report relating to industrial education of youth. He brought them down, but not the whole report. That report showed that the linking together of youth and industry is a federal problem. The school board of Toronto is spending eleven or twelve or thirteen million dollars a year in maintenance charges, trying to take care of youth, with very little provincial help—mere pin money. It has got to such a state that they have had to take into the Toronto high schools many of the children from the townships around the city. Many of these children are getting week-end jobs, driving cars and delivering papers and all that. Instead of looking to the United States I hope the minister, since he is going to England, will look into what is being done there. No doubt there will be objection from the industrialists, but many of them are connected and interested in education with boards of education and the universities. Instead of the government working with committees who are going around in a circle, if the minister would work with the provincial and municipal educational authorities and the municipalities and the universities, he would achieve something.

Here is the annual report of the dean of the faculty of medicine of the university of Toronto. Some of the young men from the first to the fifth and sixth years in medicine will not be able to continue owing to the heavy fees and the depression. Aid is needed. I have in mind a youth who has won many honours in the university; he is in his fifth year and may not go on any longer because of lack of funds. This boy and other boys might be a Banting some day with a little state aid. See the work done in the Banting institute by these students. The hon. member for Renfrew South (Mr. McCann), is interested in this work and realizes the necessity for some aid being given to these young men. The univesity of Toronto medical report deals with twenty different branches connected with medicine, in which these young men are working. Many of them do not need help but others do. They help themselves by working in the summer time.

What is the use of all this overlapping? Miss Perkins succeeded in arranging a program with the various secretaries in the capitol by which her department was linked up with others in its work. Look at the untold wealth of this country in mines and minerals. I saw a lot of these young people riding a freight train last summer at a station called Torrance; they said they had been up to new Ontario but could not get jobs. Who does get the work? Immigrants who have been in the country only a short time, many of them of foreign birth. No wonder the young men are wondering what is going to become of them. And the parents are wondering. The youth committee has no monopoly of knowledge of this question. Neither have I, but I am very much disappointed. It is the most important problem facing Canada at the present time. What is to become of this generation? Surely instead of reopening these camps—I can tell the minister I do not believe they would accomplish much by going into the camps—

Mr. ROGERS: That is not suggested.

Mr. CHURCH: The school board had camps a few years ago for cadet training and industrial training for part time, but they were more largely recreation camps. If the minister could do as the British board of education has done, make an arrangement with the industrialists for an apprenticeship system, I believe good results would follow, instead of appointing five or six men to a youth committee which will perhaps meet in Muskoka in the summer and pass resolutions.

Mr. MASSEY: In speaking to this item, in response to the very clear explanation given by the minister, I am sure he will realize that I do not wish in any sense to be partisan or political. The matter is far beyond the realm of mere partisan politics. I think we must face this problem squarely and each express his opinion from his best and considered judgment. I know the minister will take what I have to say in that spirit.

In the first place, the problem is not one of training alone or of employment alone. They are the two main divisions as I have just mentioned, but there is a third division which is just as important as either one of the other two. It may not be so much a present problem as a rising and increasing problem for the immediate future. There is the problem of the employment of youth, definitely; there is the problem of the education of youth for that employment; and then there is the problem of the readjustment and realignment of youth. The minister knows full well that legion is the name of the young men and women who, as they have come out

of high school, technical school or whatever it may be, have had to take the job they could get, whether or not it was a job to which they were suited or for which they had trained, and whether or not it was a job they liked. They have remained in those positions because they were the only ones that were available to them. In many cases this situation has brought about a psychological condition in a large body of youth that in many ways is just as serious as the psychological state resulting from continuing idleness. After all, if a young man or young woman is compelled by force of circumstances to carry on a certain job for which he or she is not suited, how apt that person is to become bitter, disillusioned and entirely dissatisfied with himself or herself.

Accordingly I say the problem is far broader than the mere training of youth for specific jobs, to which the minister has just referred. Training and all that is splendid; I commend the minister on what he hopes to be able to do, but it barely touches the surface of the whole problem.

Some months ago there was set up the national employment commission, of which the youth committee was formed as a sub-committee. But my mind goes back further than either of these bodies, to a resolution that was unanimously adopted in this house over a year ago, suggesting that there should be set up a national youth re-establishment commission. I fully realize the weight of the words of my hon. friend from Broadview (Mr. Church), who has a horror of commissions, but on the other hand I am sure he would be the first to admit that the soldiers civil re-establishment commission did a magnificient piece of work in an emergency. I did not suggest a national youth re-establishment commission as a permanent commission in this dominion, but it was suggested as one of the instruments with which to tackle the emergency of the present, the problem which is so readily apparent and which is of such great magnitude that a committee, be it ever so efficient, cannot possibly adequately cope with it.

As I just stated, under the national employment commission the youth committee was set up, and in a return dated January 29 of this year we are told that this committee made five reports to the commission, under date of August 6, August 25, October 9 and two on January 6 of this year. That covers rather a long period of time. It is interesting to note that the chairman of the committee was appointed on July 4, 1936, while the next two members of the committee were not appointed until August 11. The first report was made on August 6, five days before the appointment of the next two members of the committee, so I presume we had a one-man report. Then, on August 25, before the last two members of the committee were appointed, another report was made, with the third report being made on October 9, following the appointment of the fifth member of the committee on September 21, so that one presumes that the first three reports listed by the minister were merely progress reports, as not much could have been done in that interval by first a one-man, and then a three-man committee. The contents of all of these reports are still unknown. They were made to the national employment commission which, up to a few weeks ago, had been carried forward at the cost of $87,418 according to the statement of the minister. That was public money expended for a definite purpose, we may assume, and I think the results of the investigations carried on by that commission should be public property. The commission itself has gathered information and must have made some sort of report; at least we may assume that it made a report. Certainly the youth committee under that commission has made several reports, and this has been done at great cost to the public. I say it is due not only to the members of this house but also to the people of Canada who have paid the cost that the contents of the reports should be made public.

At the moment the committee consists of the following members: Alan Chambers, of Victoria, B.C., merchant: R. F. Thompson, of Toronto, Ontario, retired clergyman; Joseph McCulley, of Newmarket, Ontario, headmaster; Andre Montpetit, of Montreal, Quebec, lawyer; W. C. Nickerson, of Halifax, Nova Scotia, merchant. According to the return to which I have already referred, dated January 29, 1937, the following amounts have been expended in travelling expenses by these gentlemen:

A. Chambers	$ 570 10
Joseph McCulley	421 35
R. F. Thompson	384 39
Andre Montpetit	77 40
W. C. Nickerson	55 64
Total	$1,508 88

The living allowances paid the members of this committee to January 29th, 1937, have been as follows:

A. Chambers	$2,985 00
Joseph McCulley	1,290 00
R. F. Thompson	1,507 50
Andre Montpetit	585 00
W. C. Nickerson	225 00
Total	$6,592 50

This living allowance is paid to each member of the committee at the rate of $15 per day, or $75 per day for the whole committee. This is the latest information, dated January 29th, we have as to the operating cost of the youth committee. There is a question on the order paper, No. 3, which has been standing for some time, in the name of the hon. member for Vancouver South, requesting further information.

Mr. ROGERS: If my hon. friend will permit me to interrupt, I had the answer to that question yesterday and intended to lay it on the table, but had to attend a committee of the other house and therefore was not able to furnish the reply. I shall be very glad to give that information now if the hon. member desires it.

Mr. MASSEY: I was not criticizing the minister for not having given the information; I was simply regretting that we did not have it. What I am getting at is this: there has been a vast sum of money spent by the national employment commission the returns for which so far are of doubtful value. The youth committee of the national employment commission has brought in reports upon which the minister has based this item of $1,000,000 for the purposes he has stated and of the contents of these reports this committee knows nothing. I should like to say with all the earnestness with which I am capable that the great problem of youth in this country cannot be met by a committee, particularly by a committee the chairman of which is a defeated Liberal candidate who has recurring political ambitions. I do not say that in any criticism whatever of the individual concerned.

An hon. MEMBER: Oh, no.

Mr. MASSEY: No, I do not, and from the sarcastic tone of my hon. friend's voice I am sure he knows that. I do not make that statement in any individual criticism of the gentleman himself, whom I had the pleasure of meeting on one occasion. I do know, however and I think the minister knows, that a man in such a position, if he is completely and absolutely honest with himself, is severely handicapped through having been a defeated candidate and still possessing the political ambitions which he does possess.

Mr. ILSLEY: Why?

Mr. MASSEY: I do not feel that it is fair to the consideration of the whole problem itself. It cannot be fair. The whole problem which is being dealt with to-day is far beyond the realm of politics, but any man who has been tarred with the brush of politics—and certainly a defeated candidate has been not only tarred but tarred and feathered—must find himself in the position—

Mr. MARTIN: Would the hon. member permit a question?

Mr. MASSEY: Yes.

Mr. MARTIN: Is the gentleman handicapped in the great work he is doing for youth in his own city because he happens to be an active political figure?

Mr. MASSEY: He is handicapped by the very situation the hon. member for Essex East mentioned—the work that he is doing in his own city. Why should he not do work in his own city? That is admitted. But pressure is now to be brought to bear upon him in his own city of Vancouver. The forests of British Columbia are in his backyard, and are peculiarly attractive to him. I thank the hon. member for putting the words into my mouth.

After all, the problem is a national one; it cannot be local. Nor can it have any sort of political tinge if it is going to carry through successfully. Therefore I feel that the mistake the minister has made in this whole matter is in his choice not of the person of the chairman—I know the minister understands that, and the chairman himself will understand me—but in the fact that he is a defeated candidate, and if he has any political ambitions, which he has, he cannot by reason of that discharge his responsibilities as head of the committee to the fullest and best advantage of the whole of the youth of the country, no matter how splendid his capabilities may be.

Mr. ROGERS: The hon. gentleman knows that the chairman has no administrative powers in any way.

Mr. MASSEY: I know that, but at the same time that makes it all the worse. The minister is adding to my case. Here is a man expressing merely opinions as chairman of a committee. The efforts of a person in administration can be watched, and every so often we hear of the case of a civil servant who has been accused of partisanship in administration, and who, as a result, is released from his job. That is what happens in cases of administration. But the chairman of the youth committee is offering opinions—and how difficult it is to trace even unwitting partisanship in opinions.

Mr. MARTIN: Would the hon. member answer my question?

Mr. MASSEY: I think I did. The rest of the committee understood it. But I should be glad to see the hon. member privately for his own benefit, and go further into the matter with him.

Mr. MARTIN: Will the hon. member permit me to ask again does he find that because he happens to be a member of a political party that his work in the city of Toronto among those of his own generation and a generation below is to any extent handicapped by virtue of his political affiliations?

Mr. MASSEY: That work is not political by any possible stretch of the imagination, not political in any way, shape or form, and the hon. member knows it. But if I, on the other hand, as a member of parliament, were given the chairmanship of a government committee and were asked to carry forward in an impartial way I would certainly do my fullest and best to carry it forward in an impartial way. But the work itself would be jeopardized by the fact that I was a member of parliament, and you could not convince those with whom you had contact that you were following a course of complete impartiality in the matter. The hon. member for Essex East (Mr. Martin) knows that.

Mr. MARTIN: I am sorry my hon. friend has not answered my question.

Mr. BENNETT: He cannot provide understanding.

Mr. MASSEY: I cannot make it any clearer. I have done the best I can; I had hoped the hon. member would understand it. I am sure the seed planted will gradually sprout and blossom.

Mr. MARTIN: I am afraid not.

Mr. MASSEY: Then it has fallen on stony ground. Now, may I return to the problem in hand in its widest sense. We are now at this time facing a situation in regard to our youth which demands the fullest possible action. On previous occasions I have pleaded with the minister that there be at least some indication of action on behalf of youth. Here in this item is an indication. But how far reaching can the results be? After all, a million dollars is a large sum of money. After all, the problem of the training of youth, the problem of apprenticeships, the problem of gainfully employing youth, and the problem of adjustment, all the matters I have already mentioned, are very broad and difficult problems with which to deal. This whole question of the readjustment and realignment of youth alone is of itself a very broad and difficult one. Whereas the minister's vote should be regarded as a start, I am sure that is all it is.

The vote is to be administered. There is a million dollars to be spent. I have not asked the minister nor do I expect to ask him how much he will allot to the work in forestry or the work in primary industry, how much to agriculture or to the building trades. I presume the answer to that would be that that information is not yet available. The youth committee of the national employment commission will no doubt administer these moneys.

Mr. ROGERS: No, that suggestion is really not justified, because there has never been the slightest indication that the youth employment committee would have any administrative functions. The national employment commission has no such functions.

Mr. MASSEY: May I say to the minister it would seem to me that although perhaps not actually administered by the commission, certainly the home improvement plan has been advertised by it. The men who are responsible for the advertising, the local committees, have been appointed by the commission and are under the direction of the commission.

Mr. ROGERS: That is promotion work.

Mr. MASSEY: Yes, it is "promotion work" in connection with this youth matter. There must be promotion work in connection with it. Perhaps we cannot call it advertising, but at least it is promotion work. The minister must justify his vote, and if he is going to justify it it must be put to the fullest use. If youth is to receive the benefit of this vote, it must know how much of this money is to be expended and when and how and where, in order to take advantage of it. There is "promotion work" to be done. Therefore I believe I am correct in my assumption that the youth committee will have a great deal to do with the actual spending of the money.

Mr. Chairman, I have the highest personal regard for the two other members of the committee, whom I know personally and whom I admire. As I endeavoured to do before, I want to make it clear I have not been nor am I speaking politically. I am speaking of the whole committee in its position as a committee of five young men endeavouring to deal with the youth problem of Canada. Information has been gathered. Opinions have been formed, and reports have been made. We have now reached the stage where there is to be a practical operation under the recommendation of the committee. If the minister has in mind that the affairs of the youth of Canada can be left in the hands of this committee of only five, then I am afraid we have not progressed very far along the way.

After all, the minister must know very well that throughout the length and breadth of Canada there are many highly diversified youth

organizations. There are individual organizations, and there are groups of organizations local in scope and national in scope. The hon. member for Essex East (Mr. Martin) most ably introduced a resolution at this session with respect to scholarships. At times other hon. members as well as myself have endeavoured to introduce various schemes and to present various ideas with regard to that which may be done for the benefit of youth. Within youth organizations throughout the country there has been activity, and what has taken place in the house has not taken place in the house alone. Word of it has reached these organizations. Action of a sort has been instituted by many of them. In other words, on the part of youth there is a desire to take an active part within its own sphere.

I am quite sure that the minister does not feel that between a national youth committee of only five and the national youth organizations there can be efficient cooperation such as he suggests exists between the federal and provincial governments. Surely these national youth organizations have a right to foregather and to consider problems. Surely there should be some outlet for the full consideration of these problems. I consider it to be wholly unfortunate if youth groups throughout Canada, disturbed as youth may well be in many ways in these days, are left to drift along any way without support or guidance and thus to formulate certain ideas which may ferment and foment unless there is accredited leadership over such groups. What I mean is this. These groups have no local sources to which they can go, and from which they can get accurate information concerning matters in which they are vitally interested. Throughout the length and breadth of Canada there is a highly diversified population with diversified ideas and as a result a diversified application of the remedy is necessary. It seems to me that a national youth reestablishment commission of the type and kind of the soldiers' civil reestablishment commission is even more vitally necessary to-day than it was a year ago when I first introduced the idea to this house. Such a commission with branches across Canada could be a constant source of help and encouragement to any and all youth organizations constituted worthily to aid youth, and also would be an efficient guiding means to the end of helping youth to help itself along the right road. By only such a method will subversive elements among our youth be combated. I do not think we are taking steps of as definite and specific a nature and in a broad enough realm to satisfy the youth and to give them the opportunities that are due them.

[Mr. Massey.]

We must face this problem in the broadest possible way. Whereas one may commend the minister for taking at least the first step, one cannot altogether congratulate him upon the method by which he approaches the problem, for the reasons I have endeavoured to state. I sincerely hope that in the administration of this vote of $1,000,000 he will bear in mind the fact that the problems that must be faced are not theoretical. He must remember that he is facing stark reality and that definite and specific steps must be taken in particular areas and in particular ways if this problem of youth is to be solved.

Let me illustrate the broad principle which I have stated. As I speak I think of a hostel in one of the cities of this dominion. Here is accommodation, if you can call it such, for several hundred young unmarried men. I am told that the hostel has been investigated by the municipal authorities and passed as being satisfactory from the point of view of its operation and with respect to the mechanical facilities of the building in which it is located. But those of us who have been there know full well that the building is entirely inadequate for the purposes to which it is being put. For example, in one room over 200 men are sleeping. There is no lavatory accommodation. Containers of a sort are brought into the room at night and left there until the morning. Yet these conditions have been passed upon by the health authorities of the city in which the hostel is located. What can one expect in a place of that sort? When young men experience such conditions there is a breakdown in morale and they are apt to become the victims of subversive elements in this country.

It seems to me that, with a vote of this size, practical application could be made of specific remedies, not only in urban centres but throughout the country as well. This is a matter which concerns not only the physical welfare of our youth but their mental and moral welfare. We are facing problems to-day the like of which we have seldom faced. These are matters of very deep and grave concern to the state. The future welfare of those within the state should be of the utmost importance to those of us who sit here. True we must deal with the problems of to-day, but there are the problems of the to-morrows and to-morrows that must be considered. These are the conditions that the youth of this land are facing, and I earnestly urge upon the minister with all the force of which I am capable that he, along with those who sit about him on the treasury benches, give the fullest and deepest consideration, not only to the administration of the vote which

we are considering at the moment but to the whole broad problem of Canada and her youth.

Mr. DOUGLAS: I appreciate the concise details the minister has given us of the objects to be attained by this item, but I wonder if he could give the committee some specific data as to the methods to be employed. Is it intended to use the technical schools for training purposes or will special camps be set up? What type of young people will be eligible for entrance to these camps? Practically all the other projects which have been considered have in mind the transient youth. While I have every sympathy with the transients and have spoken on their problems again and again, I do contend that there is another group of young people who are oftentimes forgotten simply because they do not cause the government any embarrassment. I am thinking of those young people who have gone through high school in the small towns and cities and who are at home without employment. They are sadly in need of some kind of training. Quite often they are not eligible for employment on any of the government projects. It is quite evident that a million dollars will not take care of the training of all the young people of Canada, and so I should like to know what the basis of eligibility will be.

Mr. ROGERS: It is not intended that this vote shall be confined to any particular group of unemployed young people. Certainly it is not intended that it shall be confined, as my hon. friend suggests, to that group which we have learned to describe as transients. There have been other votes under discussion which apply more particularly to that class of young people. In the allocation of these amounts we shall be obliged to work with the provincial governments, as we shall have to do in connection with other votes which have received the consideration of the committee. It is not intended to set up camps except where camps are a necessary part of the equipment for the work which is to be undertaken. That would apply to forestry work, and probably to training projects for hard rock mining. Where it is contemplated to give special courses elsewhere to train the unemployed, we shall try to utilize, in cooperation with the provincial governments, the existing equipment in the form of technical schools, and so on. We shall try to arrange the courses in such a way as to bring about the highest degree of absorption of young people in industry. I might say that it is not intended that the money shall be reserved exclusively for unemployed young men. We have in mind that some provision may have to be made for unemployed young women. They will be provided with training in certain classes of work as may be recommended to the government.

Mr. DOUGLAS: Will the small towns and cities that have no technical training facilities be automatically eliminated?

Mr. ROGERS: I am somewhat at a disadvantage in stating exactly how far this money will go. I have not the least thought that the vote is large enough to deal with the problem as one would like to deal with it, but at the same time I hope it is large enough to give us a clear sense of direction if we find the problem is a continuing one.

Mr. MacNEIL: Would the minister amplify his statement with regard to the assistance to be given to unemployed young women?

Mr. ROGERS: So far as the unemployed young women are concerned, we have in mind the classification of employment opportunities, and special training will be given to unemployed young women in order that they may be eligible for these employment opportunities. Already in some cities progress has been made through voluntary agencies in preparing young women for housework, in taking housekeeping positions, and in dressmaking and that type of training. I am not suggesting that this description is all-inclusive, but I mention it as illustrative of what might be done.

Mr. KINLEY: As an employer of labour who is interested in industry I wish especially to commend this item. But before doing so I must express surprise at the attack which has been made by the hon. member for Greenwood (Mr. Massey) upon the young gentleman who is chairman of the youth committee—an attack which, it seems to me, is made more subtle by touching him with the kiss of high personal regard. This young man is said to be unfit to be chairman of the committee because he was a defeated candidate at the last election.

Mr. MASSEY: And because he has political ambitions.

Mr. KINLEY: And because he has political ambitions. In my opinion the fact that he has been a candidate and has political ambitions eminently fits him for the position. In the first place, if as a young man he was chosen as a federal candidate he must be highly thought of. In the second place, if he is ambitious because of his political convictions to serve the government which is now in power he will be

loyal and faithful in carrying out the ideas of the minister and will be better able to interpret the minister's intentions so far as the expenditure of this money is concerned. Why this hypocrisy about partisanship? In this country is a man to be branded because he happens to have been selected by the people as a candidate or because he has been in politics? All my life I have been in politics, and I should hate to think that I am thereby impaired from performing impartially any public duty. We know that eminent lawyers who have been active politically are made judges. Do any of us fear for the future of this country because the judges who preside over our liberties—

Mr. MASSEY: Are the judges about to become candidates?

An hon. MEMBER: Some of them have become candidates.

Mr. KINLEY: I will come to that later—do we fear for the future because they have been political candidates and served politically in this country? I wonder whether there is a young man in this country who should not have political ambitions? It seems to me that one of our troubles is that too few of the young people have political ambitions, which means they are ambitious to take part in the affairs of the state. Politics is the science of government. The man who gives service in politics should be regarded as a public spirited citizen, because most of us, especially those who have anything to do with business, find that as we continue in public life our business tends to disappear, and that our service involves personal sacrifice.

I have said that I commend this estimate. I do so because it is of vital importance, especially to the province of Nova Scotia. One of the things which most greatly concerns me in my business operations is the number of parents and young people who come to me about employment. The young people say, "Cannot you give us a job? We do not care how much you pay us." The parents say "Teach our boys so that they will learn self-expression, so that they will acquire ideals and some objective in life; if they are started on the right road you will be doing us and them a great service, for in that way they will be kept out of harm, become skilled workers, and not become a liability to the state."

In Nova Scotia the problem is particularly acute. For years our young men with the pioneering spirit went to western Canada or to the United States. That exodus of young people was repeated each springtime. To-day western Canada does not appeal to them and they cannot go to the United States because that country will not accept them. So our young people remain in the province, and the state is faced with the necessity of facing this problem, which has become quite acute in recent years.

Even although it was not a good thing that so many of our young people left Nova Scotia, their going made it more comfortable for those at home, and our unemployment was not then very great. But as a consequence the maritime provinces lagged behind the rest of the country commercially. Most of the young people who remained went in for the intellectual professions; not enough of them applied themselves to the material development of the country. We produced school teachers, lawyers and professional men, but our industrial progress was neglected. It seems to me that the present situation is a challenge to the maritime provinces. We need not be concerned lest our young people will not stay with us, for they must remain in the provinces, there is no other place for them to go. If we can effectively enlist in the commercial and social life of the maritime provinces the young people who are now with us, I foresee a development arising out of this depression which we may be able to look back upon as having saved our situation in the confederation of Canada.

We must be practical in dealing with this question. Take, for example, the proposal of a five-day week. It is all very well to talk about the five-day week in industry, but there must be a sufficient supply of skilled workers to ensure continuity. If we have no apprentices coming along, the five-day week will be to the detriment of industry, because it will be necessary to employ unskilled, incompetent labour, and you cannot carry on industrial production to-day with unskilled help. So we should cooperate with industry to assure the establishment of an apprenticeship system whereby the boys of this country can be trained in a properly regulated way to do something for which they are especially fitted.

Industry, I think, could be asked to bear some of this burden. It would not be unfair for the Minister of Labour to point out to our industrialists that in view of the gravity of the youth problem they will be expected to absorb a certain number of unemployed young people and train them. Even if there should be no immediate jobs for them when their training is finished they would have been taught to do something; they would have learned self-expression, they would not be drifters, and they would be equipped to give useful service as soon as better times and

opportunities return. To-day in Nova Scotia, when one needs a man to do a certain job, it is not a question of finding a man who needs work, but of securing somebody who can do that job well, because the general training has not been of such a nature as to equip them technically for the purposes for which they are needed. In this connection the minister should ask industry to cooperate, if necessary, towards a subsidized apprenticeship system. In Nova Scotia this year the provincial legislature passed an apprenticeship statute. I have not seen it, but I believe it is designed to absorb in a regulated way in industry a number of our young people.

The trouble is that so many young people want so-called white-collar jobs. They do not want to start at the bottom. My experience has been that the man who started at the bottom without looking for a white-collar job is the man who has succeeded in the long run. In the town I come from the captains of industry are men who started on the lowest rung and acquired their education as they went along, and it was because of their perseverance, native ability and hard work that they succeeded. Sentimentalism will not save the youth of this country. Hard work and application is what they need. There is no greater problem that presents itself to a father and mother as their boys reach the working age than to know what to do with them so as to fit them to take their place in the social and industrial life of the country. We must not forget the old adage:

Train up a child in the way he should go; and when he is old, he will not depart from it.

This is the responsibility that rests upon parents, for the home is the best training school for the youth. The home is the best place in which to teach the habit of industry; it is the foundation on which is reared the success of worthy citizens; and through the cooperation of the home, the state and the individual, and imbued with the ideas and ideals that the minister has expressed, we shall do something to solve the grave problem of youth.

Mr. HARTIGAN: I was interested in the remarks of the hon. member for Greenwood. He talked a good deal, but evidently modesty is not one of his attributes, because he made the statement that he was the one who introduced on the floor of this house the idea of a youth movement.

Mr. MASSEY: I made no such statement; I said that I introduced the resolution for setting up a national youth reestablishment commission.

Mr. HARTIGAN: That may be, but every man in this house is deeply concerned in the youth movement in Canada. I will not take up the time of the committee labouring the point, nor will I discuss the subject to any great extent, because I do not believe that talking, if we talked all day, is going to get us anywhere with this problem. It is no use handing out platitudes and offering these people a philosophy of life. That is akin to old women going slumming in certain parts of the city and telling people how to live, but giving them nothing tangible to help them out of their predicament.

It seems to me there is an anomalous condition in the government of Canada to-day. We have had it for a long time, and I suppose a great many people believe that because it has existed, it should continue undisturbed. The hon. member for Greenwood said that the youth problem was the major problem in Canada.

Mr. MASSEY: I said it was one of the major problems.

Mr. HARTIGAN: I do not agree with that. I believe that the restiveness of people is the major problem to-day, and it is one of the things that have contributed to the youth movement. I do not believe for a moment that any government in a country like this, with limited possibilities of wealth, not overburdened with cities and with lots of farm land vacant, should be expected to take a youth out of one groove along which he has been going and put him in another which appeals to him and in which he believes he would be more proficient. Personal ambition should still characterize the young of the country, as it always has done in the past.

The sum and substance of all that has been said this afternoon is simply this. The minister is advised to give earnest consideration to the youth problem. But would the Minister of Labour or any man acting in his capacity fail to give serious consideration to that problem? Such an admonition is superfluous, I do not care from what source it comes. This is and has been a burning question with the Minister of Labour.

The anomaly to which I referred a moment ago is the civil service commission—and I have no axe to grind; I am discussing a principle. Before this house meets again there will probably have been a thousand or fifteen hundred positions awarded under that commission. With the commission the Minister of Labour has nothing to do; there is no cooperation between the commission and any department of government. The commission can give, as I understand, three or four positions

to members of one family. I hold that the first qualification for a civil service position should be the fact that one is unemployed. Our universities are turning out hundreds of men every year with all sorts of degrees in engineering, medicine, law, commerce and so on, and yet these men are finding it difficult to get work.

The civil service commission should be operated as a managerial arm of government. There must be no patronage. The first qualification should be the fact that a man is unemployed, and the fact that no other member of the family is drawing a government income.

Some hon. members have described certain isolated conditions in the cities. There are also rural slums, and there is as much rural unemployment as there is in the cities. Eighty per cent of the income from farming is produced by thirty-five per cent of the farm population, only twenty per cent being produced by the other sixty-five per cent of the farmers. In many rural districts in Nova Scotia—and I have no doubt the same is true of the other provinces—there are a great many people who are suffering extreme hardships because they are not listed with any of the employment agencies of the government, and this simply for the reason that the father owns a farm or some member of the family has a job.

Hon. members have been giving plenty of advice to the minister and suggesting all the qualifications which his commissioner should possess, but they have left out the most important of all, and that is a little bit of common sense.

Mr. ROGERS: The name of Mr. Chambers having been brought into the discussion I must make a brief statement; silence on my part might be misunderstood. To the best of my knowledge, and I was in a position to know, Mr. Chambers gave of the very best of his great energy and ability to the work he was called upon to do, and he did no more and no less than any young Canadian would have done under similar circumstances.

Mr. BENNETT: I was absent from this country when this committee was appointed. When I returned I made inquiry as to the personnel. I found that Mr. Chambers was residing in Ottawa, that he had been a candidate in Nanaimo, had run third on the list—there is no objection to that. But is it quite fair that he should come to Ottawa, taking up his residence here, knowing as we do what that means in the way of correspondence for one who supported the government, the pressure to use his position in every way possible? I am told by a gentleman whom I have always found reliable that he is now intending to return to the provincial field as a candidate in the next election.

Mr. ROGERS: This is the first I have heard of it.

Mr. BENNETT: I am glad of that. He is leaving his residence here to go back there. I think that is not fair to the people of Canada. I do not know Mr. Chambers, except from hearing him spoken of in the highest terms. I am told that he has been in this country only a very few years. I do not know whether that is true; therefore I ask the minister whether he knows. About three years, I am informed.

Mr. ROGERS: I think it is longer than that. I believe he was born in England.

An hon. MEMBER: Much more than three years.

Mr. BENNETT: But is it quite fair to him or to us? After residing in Ottawa, knowing as we do what that means to one who has been a candidate of a successful party and is preparing to be a candidate in an approaching election, how can he give that measure of consideration and attention, dispassionately and impartially, to the problems with which he has to deal? It is quite beyond my understanding. It is unfair both to ourselves and to him, and mostly perhaps to him in the long run. That is the criticism which has been urged. It has nothing to do with Mr. Chambers personally; I have heard him highly spoken of.

I think also it was a terrible mistake to appoint E. J. Young on the other commission. I do not mean anything personal for he and I happen to be good friends, but I think it was unfair to the country and to him to put him there, having regard to his well-known views as he expressed them from time to time and the difficulty any man finds who comes here, having been a candidate, in the way of dealing with correspondents when the party he supported is in office. He is beseiged by correspondents; no one knows that better than those of us who have been through it. It is a terrible responsibility, and I think militates against the possibility of success of any gentleman who finds himself in that position.

Mr. KINLEY: I recall that a few years ago when the social security legislation was passed in this house it was necessary to appoint a board to administer unemployment insurance. Colonel Harrington, a member of the Nova Scotia legislature and leader of the

Conservative party there, was appointed chairman of that board by the then government. I think it was a splendid appointment—

Mr. BENNETT: So it was.

Mr. KINLEY: —but Colonel Harrington retained his seat in the Nova Scotia house, and when the job faded out—

Mr. BENNETT: That is not a fair way to put it. He resigned.

Mr. KINLEY: Well, I accept the right hon. gentleman's interpretation. Colonel Harrington resigned, and went back to resume his position as leader of the opposition in the Nova Scotia house, and retained his seat there. If political connections are to be discussed, surely there is a glaring example of a commission presided over by one who is intensely interested in politics. Colonel Harrington went back to Nova Scotia, went to the convention and was reestablished as leader of the party in Nova Scotia, and he will contest the election this or next year in the interest of that party against the present government there. Now we did not complain about that—

Mr. BENNETT: Yes, you did. You may not have done so personally.

Mr. KINLEY: Not a bit. I thought the appointment was a splendid one, but I think that when he was appointed he should have resigned as a member of the local house. However, there was some insecurity in the appointment in view of what was taking place before the courts, and I think he used good judgment in hanging on to the job in Nova Scotia until he was sure of the job here, and when he found that this job did not look so good he went back to the one in Nova Scotia. We are not complaining; we are only comparing.

Mr. BENNETT: I have known that the hon. member has been anxious to make that statement for a long time. I think he must be grateful to me for affording him the opportunity. I have heard it sotto voce for some time, and now we have it on Hansard, which adds greatly to it. The position of Colonel Harrington was that he was appointed because of his eminent qualifications in matters of social legislation. About that there is no doubt.

Mr. KINLEY: No doubt in the world.

Mr. BENNETT: Also he had had wide experience in organization. He had been at Argyll House during the war and his work in connection with the organization of our military affairs had been highly commended, and it was desired if possible to have him organize that commission. And I may say that he was persuaded with great difficulty; he did it reluctantly; and he said that, as the law of Nova Scotia, with which we have nothing to do, did not provide that he resign his seat, he did not propose to do so. He undertook the task of organizing that commission at my very earnest solicitation. He did start the organization, with Mr. Moore and the other member, and when the change of government took place he resigned office, having first told the Prime Minister in writing that he was prepared to do so for the reasons given in the communication.

That is an entirely different case from the one in question here. Hon. members may say it is different because one happened to be a Liberal and the other a Conservative. But those who have knowledge know that there was no man we could get in Canada who had exactly the qualifications Colonel Harrington had for that particular position. His acceptance of it was reluctant, in fact, more than reluctant; he felt he was being forced into what he should not take, but he took it, and then resigned and went back to Nova Scotia where he resumed his seat in the legislature, and as has been said, was reelected leader of his party. That is an entirely different thing, because it is a provincial administration.

I am only pointing out the difficulty in which Mr. Chambers finds himself, residing in Ottawa, with the tremendous strain put upon him by those who suggest that because he is here and near a government which he supported he can get almost anything for them that they desire, whether they be youth or aged. That is one of the intolerable positions of a member of parliament or a defeated candidate who lives in this community at this time. None of us is unacquainted with what that means. My hon. friend who has just spoken perhaps knows as much about it as any living person.

Item agreed to.

Grants-in-Aid—Amount required to provide for monthly grants in aid to the provinces, $19,500,000.

Mr. DOUGLAS: Will the minister give the amounts by provinces?

Mr. ROGERS: It is not possible to indicate precisely the distribution of this amount to the provinces. That is a matter of quarterly adjustment during the year.

Mr. DOUGLAS: This is merely an estimate?

Mr. ROGERS: This is an estimate.

Item agreed to.

DEPARTMENT OF MINES AND RESOURCES

Administration of the Migratory Birds Convention Act, $36,180.

Mr. BENNETT: This item was allowed to stand in order that I might ask the minister a few questions with regard to his department. In connection with supplies for the parks I told the minister I would like him to give the committee information as to the names of the persons from whom the oil used on the roads was purchased, and the prices paid for it in the various parks of the west. The minister said he would obtain the information.

Hon. T. A. CRERAR (Minister of Mines and Resources): That has reference to the oil dressing for laying dust. I inquired into the matter after my right hon. friend mentioned it to me. Quotations were asked on approximately 480,000 gallons of dust laying road oil, which is the description given of this material. Nine firms were asked to tender, including three firms in Banff, Alberta, operating gasoline and oil service stations there. Those invited to tender were the Imperial Oil Company and the British American Oil Company, both of Toronto; McColl-Frontenac Oil Company, of Montreal; North Star Oil Company of Calgary; Prairie Cities Oil Company, of Winnipeg; the Brewster Transport Company of Banff; the Union Oil Company of Banff; the Texaco Oil Company, of Banff; and the British American Oil Company, per E. S. MacMillan, Calgary. Quotations were received from the British American Oil Company, Toronto; the Union Oil Company, Banff; and the Brewster Transport Company, Banff. The lowest tender, being a satisfactory price, was accepted.

Mr. BENNETT: What was the price?

Mr. CRERAR: It was submitted by the Brewster Transport Company.

Mr. BENNETT: What was the price?

Mr. CRERAR: I do not seem to have that information here, but I can say that the 1936 price was slightly higher, by about three-twentieths of a cent per gallon, than the 1935 price, but it was lower than the 1934 price by about two-fifths of a cent per gallon.

Mr. BENNETT: I should like to have the tender prices.

Mr. CRERAR: I have not that information at the moment, but I shall be glad to give it under some other item that may come up after six o'clock. For the information of my right hon. friend I may say that the delivery of this oil was made through the Imperial Oil Company.

Mr. BENNETT: That was to be my next question, through what producing company the delivery was made. The minister has answered it; it was the Imperial Oil Company. The next question I wanted to ask was whether that covered supplies for all the roads in all the parks of western Canada.

Mr. CRERAR: Yes, the tender was a total tender for 480,000 gallons.

Mr. BENNETT: Then perhaps the minister can give me the particulars a little later as to the tenders.

Mr. CRERAR: Yes, I can give that. All I have here is the difference.

Mr. NEILL: This item deals, I think, with the establishment of open seasons and that sort of thing. There has been a good deal of difficulty about that in British Columbia. I suppose it is extremely difficult, if not impossible, with the different seasons that prevail, to draw up regulations governing the whole of Canada, that will satisfy everyone, but I have had a number of complaints from the district I represent. Apparently they do not object so much to the season being cut down to two months for geese and ducks, but they object to the dates set. As far as I can make out, on Vancouver island the most acceptable period, if the season is to be cut down to two months, would be December and January. In some districts it is claimed that the ducks have not arrived during the present open period, and that the people there are practically prevented from getting any ducks at all. In some of these remote places, where steamers call only once or twice a month, deer in season and wild ducks and geese are about the only sources of fresh meat, and it is really an important matter. I am sure the minister must have had representations from gun clubs and similar organizations in British Columbia. Is it intended to have the same period as last year, which ran from the middle of October to December?

Mr. CRERAR: Naturally there are some differences of opinion among individuals, gun clubs and other organizations as to just what period should constitute the open season. The practice of the officials of the department is to get in touch with the officials of the provincial government having to do with the preservation of wild life in each province, and the open season is arrived at in consultation with them and after taking into consideration the representations made by bodies such as those to which my hon. friend has referred. In the administration of many matters, of course it is impossible to define the regulations in such a way as to please everybody, but in this matter the broad principle guiding the setting of open seasons is what will best help preserve the wild fowl of the country.

Mr. NEILL: I do not blame the minister, because he is trying to do an impossible thing; he is trying to set dates that will be satisfactory all over the country, which is impossible, because in some districts the ducks or geese have not arrived by the time the open season is ended. I find that last year the open season was from October 17 to December 15. In many places on the west coast of Vancouver island the ducks have not arrived by December 15, so what is the use of an open season that is over before the ducks and geese have arrived?

The remedy I suggest is that the minister take power to do what has been done in many other cases, fix a season which is appropriate to the particular province or the particular district. In connection with fishing, for instance, we have twenty or thirty different dates in British Columbia, so why not leave the matter subject to the control of the provincial government, or at least why not act on the advice of the provincial government? I am quite sure that the province of British Columbia, if left to itself, could fix a couple of seasons, one for the interior and one for the coast, that would be acceptable. The period from October to December is not acceptable. I have under my hand a petition from the gun club centering around Alberni, and also representations from the west coast, wherein they say that if the season must be curtailed for two months, let it be the months of December and January. I hope the minister will look into the matter because, as I have already said, the solution is to have it regulated according to the district.

Mr. CRERAR: I find that there are different periods for different districts in British Columbia, and the representations made by the hon. member so far as the west coast of Vancouver island are concerned, will be considered. I promise that. I think possibly to some degree we may be able to meet his suggestion.

Mrs. BLACK: Mr. Chairman, as the minister knows, we in the Yukon have considerable fault to find with the opening date of the shooting season in the north. We also realize that because of the number of years which it has taken finally to have not only the state governments but the federal government of the United States to sign a treaty with Canada, we have to go slowly in the matter.

The opening of the duck shooting season in the Yukon is August 15. By that time in the large majority of cases our ducks have left the Yukon, as they begin to go south very early in August. The law in the Yukon is administered by the mounted police, and I must say that they do their very best to make everything comfortable for the few people in the country who bear guns. It took many years of consideration before the United States and Canada could reach the treaty arrangement which was signed in 1916. I believe that later, in 1929, another treaty for a period of ten years was signed.

I deeply regret the fact that the minister feels it incumbent upon him in any way to reduce the amount of money to be allowed for the conservation of game. I do not think any person could imagine anything more horrible than to go through a country denuded of its forests and its game. Canada has kept her treaty to the letter, but I can state truthfully that that has not always been so with respect to many of the states in the union. Our law makers and those who enforce the law have followed hunters closely. We miss a great deal, but at the same time we realize that on the north American continent the conservation of game is necessary.

I well remember hearing my grandfather tell stories about the clouds of passenger pigeons which flew through the air in his day, and about the horrible murder—it could not be described otherwise—of the pigeons which were netted, shot, packed in barrels, and sent to the larger cities in the United States and Canada. In many cases hundreds of thousands of those birds were allowed to rot on the ground or in the barrels.

In the early days, before a treaty had been signed, the birds went to California and were there slaughtered. Ducks and geese were slaughtered by the thousands, and our sportsmen in the north had very little chance of getting game. There was the general idea that from the breeding grounds there would always be millions of birds to fly south, but there came a time when the birds became scarce. It was only the treaty which saved the trumpeter swan, the whooping crane, the eider duck and the wood duck. The treaty saved many of those breeds, and I would urge that the minister do all he can to continue the conservation and to see that the men charged with the enforcement of the law carry it out to the very last word.

As hon. members are aware, there are in Canada a number of sanctuaries. Any person who establishes one should be praised. We need our bird life, both the migratory and the insectivorous birds. Men and women who enjoy being out of doors, who enjoy fishing and a short shooting period, realize that if we are to have such enjoyment for ourselves and for those who will follow us, the law must be enforced. I ask the minister on all opportunities to do all he can to

persuade the minister who sits beside him (Mr. Dunning) to set aside more money for the enforcement of the treaty.

Mr. TOLMIE: The statement of the last speaker to the effect that August 15 is the opening day for duck shooting in the Yukon is an indication that a variety of dates should be set to suit different districts. The brant is one of our best game birds on the Pacific coast. Sportsmen out there would like to have the season open on January 1, if possible, and particularly would like to have February an open month. The brant, a small variety of goose, is not found inland, but is found on the eastern and western coasts. The people interested in the brant would like to have the dates set from January 1 to March 1, and would like to have the dates for ducks set at November 15 to January 31.

May I point out further that the birds are bred in Canada, in very much the same manner as are the sockeye salmon with which the hon. member for Comox-Alberni is so familiar. They travel down into the United States and to a great extent are shot there. I believe we ought always to see to it that we get our reasonable share of game birds.

Mr. KINLEY: With regard to the migratory birds treaty and the protection of game birds may I say that the impression on the Atlantic coast is that the duck season is too early. In September the birds are covered with pin feathers, and are not as satisfactory for food as they would be later. Our fishermen would like to have the season extended. I have discussed the matter with departmental officials, and I believe they agree that it should be later. It is my expectation that in the near future the season will be somewhat later.

There are two elements interested in game birds, namely sportsmen and fishermen. The sportsmen are interested for purposes of sport, and the fishermen use the birds for food. It is my view that the interests of the fishermen on the Atlantic coast should have first consideration, because these birds form an important part of their food. If they can hunt ducks at Christmas time rather than earlier, they are of more value to them.

In the last year or two we in Nova Scotia have been disturbed by the mounted police using decoys who would circulate among the fishermen. When a fisherman would shoot a duck for food, possibly not being aware that the season was closed, or possibly a day before it opened, the stool pigeon would lay for him, report to the police, and bring him into court and have a heavy fine imposed. A fine of that kind destroys a fisherman, absolutely, because he cannot pay it and must go to gaol. He may have a family at home for whom he is attempting to get food, but if he shoots a duck he finds himself in trouble.

I believe in the enforcement of the law and I believe, too, that fishermen are anxious to obey it; but we are told that the letter of the law killeth and the spirit giveth life. However, when there are stool pigeons in addition to the police along our coast laying for fishermen, and being paid for it, it seems to me the enforcement is too drastic.

Mr. HOWDEN: I should like to supplement the remarks of the last speaker (Mr. Kinley) with regard to the duck shooting season. I do not know anything about duck shooting in Nova Scotia, but I know in Manitoba our season opens on September 20. At this time the birds are still covered with pin feathers, and many are not fully grown. If the season were moved back fifteen days I think it would do a lot towards the conservation of the ducks, as well as bringing the ducks to the bag in much better shape.

The prairie chicken is not a migratory bird but I think it is the best game bird in Canada, if not in north America. On several occasions it has been necessary to have closed seasons in Manitoba for a number of years. Perhaps this matter does not come under the vote for the committee, but I think it is worth while being mentioned. Because of the poverty of the province during the last several years, they have not been able to keep on a sufficient number of game wardens to protect the game. I can realize that a farmer might feel it his privilege to kill a few birds out of season, and probably it is; but it is an entirely different thing when hunting parties leave the city of Winnipeg during the out of season period. Hundreds of birds are destroyed before they are grown, and it seems to me that something ought to be done. I have been a hunter for many years, and I would rather never shoot another prairie chicken than see them become extinct. They are a wonderful bird, but under present conditions they are in serious danger of being killed off and completely destroyed in our part of the country.

Mr. BENNETT: That is regulated by the provinces.

Mr. HOWDEN: I understand that is the business of the province, but it does not seem that the province of Manitoba is able to keep on enough game wardens to protect the game. Perhaps the federal government will come to our assistance.

Mr. POTTIER: Up to last year the season in western Nova Scotia extended from October

1 to January 15. Last year it was cut down to October and November. We have two kinds of birds in that part of Nova Scotia, the home bird and the migratory bird. They do not reach the shore before the month of December, so I ask the minister to consider changing the season in western Nova Scotia to November and December.

Mr. POULIOT: There are game wardens in Kamouraska and Rimouski county, but none in Temiscouata. Many birds are to be found at Isle Verte and on Hare island and White island and I submit a game warden should be appointed for Temiscouata.

Item agreed to.

Indian Affairs branch—To provide for expenses connected with the administration of Indian affairs, including salaries, supplies, relief, medical attendance, hospitalization, dwellings, agricultural activities, surveys, roads, bridges, irrigation, dyking, education, et cetera, and a grant of $100,000 approved by parliament in session of 1926-27, $4,249,124.

Mr. NEEDHAM: Does the Indian agent give to the chief or councillors of the band, an account of the money he receives for the band, and the expenditures made therefrom?

Mr. CRERAR: Certain bands have band funds which earn a certain rate of interest, I believe five per cent. The disposition of band funds can be made only by the joint consent of the Department of Indian Affairs and the band itself. So far as an accounting is concerned, there is a proper accounting made of the disposition of all funds.

Mr. NEEDHAM: Do the chief and his councillors get an accounting of what has been received and disbursed during the year?

Mr. CRERAR: Any withdrawal of money from a band fund is done only with the consent of the band itself. The band knows for what purpose the money is being withdrawn, and how it will be expended. At any time the chief or any Indian can get from the Indian agent any information desired in relation to the fund.

Mr. NEEDHAM: Are the books of the agent open to the chief and the councillors?

Mr. CRERAR: The accounts of all these trust funds are kept in Ottawa. We do not permit the agents to handle the trust funds. If the Indian desires information and it is proper information, he can secure it from the Indian agent.

Mr. NEEDHAM: Can the chief go to the Indian agent and get access to the books?

Mr. CRERAR: I have just stated that the records are kept in Ottawa, where the band funds are maintained. If the chief wants to go to the Indian agent to get some information, he can do so.

Mr. NEEDHAM: Could the agent give the chief a statement of the moneys received and disbursed for the band during the year?

Mr. CRERAR: Certainly.

Mr. NEEDHAM: I am not referring to trust funds; I am referring to treaty money, and what is received from the reserve and so on.

Mr. CRERAR: There is no accounting necessary for the payment of treaty money except with respect to the amount paid out and who receives it. That money is paid under treaty regulations. So far as the expenditure of money voted by parliament is concerned, that is not a matter that concerns the chief or his councillors.

Item stands.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

THIRD READINGS

Bill No. 91, respecting The Premier Trust Company—Mr. Ross (St. Paul's).

Bill No. 95, to incorporate The Canadian Mercantile Insurance Company—Mr. Vien (for Mr. Fontaine).

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 104, for the relief of Albert Henry Pergley.—Mr. Jacobs.

Bill No. 105, for the relief of Suzanne Rosenthal Winnikoff.—Mr. Factor.

Bill No. 106, for the relief of Kate Mary Briggs Robinson.—Mr. Jacobs.

Bill No. 107, for the relief of Mildred Gordon Kahn.—Mr. Jacobs.

Bill No. 108, for the relief of Ernest Arthur Allen.—Mr. Tomlinson.

Bill No. 109, for the relief of Florence Rose Wright Clark.—Mr. MacKinnon (Edmonton West).

Bill No. 110, for the relief of Constance Hope Davidson.—Mr. Heaps.

Bill No. 112, for the relief of Rosalie Annie Arathoon Webster.—Mr. Plaxton.

Bill No. 113, for the relief of Minnie Sidilkofsky Sadagursky.—Mr. MacKinnon (Edmonton West).—Mr. Walsh.

Bill No. 114, for the relief of Simone Baillargeon Mann.—Mr. Walsh.

Bill No. 115, for the relief of Thelma Lucille Farr.—Mr. Ross (St. Paul's).

Bill No. 116, for the relief of Sybil Geddes.—Mr. Graydon.

Bill No. 117, for the relief of Maurice Amedee Tremblay.—Mr. Jacobs.

CRIMINAL CODE

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

On the order:

Second reading of Bill No. 62, an act to amend the criminal code—Mr. Woodsworth:

Hon. ERNEST LAPOINTE (Minister of Justice): I oppose this bill, Mr. Speaker. Only such bills as are not opposed can be gone on with, and therefore this one cannot be considered.

Mr. WOODSWORTH: I am at a loss to know how the Minister of Justice—

Mr. SPEAKER: Order. I call the hon. member's attention to the fact that a resolution was adopted by this house, last week I believe, which provided that all these bills would stand except those that were unopposed.

Mr. WOODSWORTH: It can hardly be said that anyone is opposed to the bill until the mover has had a chance to explain it. This is high-handed. The position I now take was taken a few nights ago by an hon. member supporting the government.

Mr. LAPOINTE (Quebec East): If I were in order, I should be pleased to give my reasons for opposing this bill. I simply say that having read the bill I am opposed to it. Indeed, I contend that it would be invalid if adopted, for parliament has no right to pass such a bill. It is colourable legislation; under cover of an amendment to the criminal code it interferes with the rights of the provinces. I cannot discuss it seeing that it is opposed, and I do not see why it should be proceeded with when the others are not.

Mr. WOODSWORTH: The other day the member for New Westminster (Mr. Reid) was allowed to present his bill, although the resolution to which you refer, Mr. Speaker, had already been passed. I submit that it is hardly fair to discriminate in this way. Had the member for New Westminster not gone on with his bill, mine would have been reached. It is not fair that a member supporting the government should be allowed to go on with his bill, even though it is opposed, when this privilege is denied someone else.

Mr. LAPOINTE (Quebec East): Even that is not right. The bill submitted by the hon. member for New Westminster was not opposed. The minister discussed it for two minutes but did not say whether he was opposing it or not. So that my hon. friend is not right.

Mr. SPEAKER: Stand.

[Mr. Crerar.]

On the order:

Second reading of Bill No. 100, an act to amend the Civil Service Act—Mr. Pouliot.

Mr. POULIOT: I move the second reading of the bill.

Mr. WOODSWORTH: Opposed.

On the order:

Resuming debate on the motion of Mr. Reid for the second reading of Bill No. 16, to amend the Railway Act (rates on grain).

Mr. GOLDING: I had something to say—

Mr. WOODSWORTH: Opposed.

Some hon. MEMBERS: Opposed.

INDUSTRIAL LOAN AND FINANCE CORPORATION

The house resumed from Tuesday, March 30, consideration in committee of Bill No. 57, respecting Industrial Loan and Finance Corporation—Mr. Vien—Mr. Sanderson in the chair.

Some hon. MEMBERS: Opposed.

And the Speaker having resumed the chair:

Mr. WOODSWORTH: Mr. Speaker, you promptly left the chair when the order for this bill was called. Some of us oppose it.

Mr. LAPOINTE (Quebec East): Because the whole list had been gone over.

Mr. WOODSWORTH: This procedure cannot be permitted. We cannot slip things over in that way. This bill was called and it stood, this very night. Under the rules of the house we cannot revert to it to-night without the unanimous consent of the house.

Mr. VIEN: I rise to a point of order. The rule under which we are now proceeding is that from eight to nine o'clock the time shall be reserved for private bills, but under the amendment to that rule which was passed the other day the right of way is given to such public bills and orders as are not opposed.

Mr. WOODSWORTH: This is opposed.

Mr. VIEN: We may revert to private bills when the list of public bills is disposed of.

Mr. WOODSWORTH: On the point of order, I submit that there is no possibility of reverting without the unanimous consent of the house.

Mr. VIEN: We revert to private bills when the order of public bills and orders has been exhausted.

Mr. WOODSWORTH: On a point of order, I submit there is no possibility of reverting without the unanimous consent of the house. That is the first point.

Mr. POULIOT: Speaking to the point of order, I gladly support the hon. member for Outremont (Mr. Vien) although I do not agree with him with regard to the bill. If we look at the orders of the day for to-day, we see that private and public bills have precedence for the first hour. Therefore private bills are considered ahead of public bills. We first considered private bills which were unopposed; then we considered public bills that were unopposed. Now we are coming back to private bills which are opposed, and public bills which are opposed can only come afterward, according to the order paper which I hold in my hand. Therefore if the bill were as good as the remarks of the hon. member for Outremont has made on the point of order, I would support it.

Mr. WOODSWORTH: I ask a ruling on the point of order. My point of order is—

Mr. LAPOINTE (Quebec East): As my hon. friend has already spoken twice on the point of order, perhaps he will let me say what I think about it. This motion was made for the purpose of getting rid of the bills which are unopposed. They are called in the order of their place on the order paper. Those that are opposed stand and all the other bills are called; and then when the list is exhausted, if the hour for private and public bills has not expired, it is clear that we come back to the first opposed bill according to its place on the order paper. That was the purpose of the motion; that is what we had in mind when the motion was adopted by the house, and I cannot see how any hon. member can think otherwise.

Mr. WOODSWORTH: I ask a ruling on my point of order. My point is that only to-night this bill was declared to stand. On two previous occasions it stood. That procedure effectively blocked some bills that were on the order paper. I submit that now without the unanimous consent of the house we cannot revert to an earlier order.

Mr. LAPOINTE (Quebec East): They stand until the others are called.

Mr. SPEAKER: I have listened to the point of order raised by the hon. member for Winnipeg North Centre (Mr. Woodsworth). On reference to the Votes and Proceedings of April 1, I find that this motion was adopted unanimously:

> That, on Tuesdays and Fridays for the balance of the present session, unopposed private and public bills shall have precedence during the hour devoted to private and public bills.

What has been done this time, as on the previous occasion when we had the hour for private bills, was to proceed with the unopposed bills, and come back to the other bills, as has been said by the Minister of Justice. All the unopposed bills have been disposed of and the others were allowed to stand. I do not see any reason why this bill should not now be taken up. I so rule.

Mr. WOODSWORTH: I shall have to appeal against the ruling of the Speaker.

Mr. MacNEIL: Hon. gentlemen opposite block some bills and not others.

Mr. SPEAKER: I have given my ruling. The hon. member for Winnipeg North Centre having appealed from my ruling, those in favour of the ruling of the Speaker being sustained will say aye.

Some hon. MEMBERS: Aye.

Mr. SPEAKER: Those opposed will say nay.

Some hon. MEMBERS: Nay.

Mr. SPEAKER: In my opinion the nays have it.

INDUSTRIAL LOAN AND FINANCE CORPORATION

The house resumed from Tuesday, March 30, consideration in committee of Bill No. 57, respecting Industrial Loan and Finance Corporation—Mr. Vien—Mr. Sanderson in the chair.

Mr. WOODSWORTH: Mr. Speaker, we would like to know the decision of the Speaker. In this corner we heard that "the nays have it." I ask for your decision. Had we not so heard it we would have stood up for a vote.

Mr. LAPOINTE (Quebec East): The nays have it.

Mr. WOODSWORTH: That is what I said. I ask that the official reporters be asked concerning what they heard.

Mr. LAPOINTE (Quebec East): You make parliamentary government a joke.

Mr. WOODSWORTH: Mr. Speaker, I do not know whether you are in the chair officially or not.

Mr. LAPOINTE (Quebec East): He is not.

The CHAIRMAN: I remind the hon. member for Winnipeg North Centre that the house is now in committee of the whole.

Mr. WOODSWORTH: On a point of order, Mr. Chairman, we in this corner distinctly heard the Speaker say "the nays have it." I would ask whether that is what the Speaker said. If so, we are not in committee. I appeal for a ruling from the Speaker.

Mr. DUNNING: He is not available.

Mr. POULIOT: I would make a suggestion to the hon. member for Winnipeg North Centre. He should move that you, Mr. Chairman, leave the chair and report to the Speaker what has occurred.

Mr. WOODSWORTH: Mr. Chairman, I appeal against your ruling.

Some hon. MEMBERS: Order. Sit down.

Mr. WOODSWORTH: Mr. Chairman, you stated that we are in committee of the whole. I appeal against your ruling on that point.

Mr. LAPOINTE (Quebec East): Surely we are not going to make this into a mock parliament.

Mr. WOODSWORTH: I am within my rights.

Mr. LAPOINTE (Quebec East): There is no dignity in the stand taken by my hon. friend. The Speaker has left the chair, we are in committee, and we are going to proceed in committee.

Mr. WOODSWORTH: I am appealing against the ruling of the chairman that we are in committee. There is clearly an error, and if the Minister of Justice (Mr. Lapointe) wants this house conducted in an orderly way, he should see that justice is done.

Mr. LAPOINTE (Quebec East): It will be conducted in an orderly way in spite of the hon. gentleman.

Mr. MacNEIL: On the point of order raised by the hon. member for Winnipeg North Centre, I support him.

Some hon. MEMBERS: There is no point of order.

The CHAIRMAN: There is no point of order.

Mr. STEVENS: Surely, Mr. Chairman, it cannot be contended that there is no point of order when an hon. member rises and questions whether the house is properly constituted as a committee of the whole, whether the house agrees with him or not. That is the question which has been raised. May I say that I was entirely in favour of the Speaker's ruling as I first heard it, but when he gave his decision I distinctly heard him say "the nays have it."

Mr. DUNNING: A slip of the tongue, which he immediately corrected.

Mr. STEVENS: Possibly it was, but I say in justice to the hon. members who have risen and protested, that I know it is difficult sometimes to hear in the chamber, but I distinctly heard the Speaker say "the nays have it," and the members then did not rise quickly enough. But, Mr. Chairman, surely when an hon. member rises in good faith and questions whether the committee is properly constituted, that is a legitimate point of order, and I suggest to the Minister of Justice that the proper way to secure decorum and dignity in the house is to recognize a point of order promptly, no matter what one thinks of it.

Mr. LAPOINTE (Quebec East): I know that; I merely said it was an absurdity.

Mr. STEVENS: I do not agree with the hon. member for Winnipeg North Centre in his view, but I think he is entitled at least to the courtesy of having his point of order decided.

Mr. GOLDING: If the statement made by the hon. member for Winnipeg North Centre, supported by the hon. member for Kootenay East, is correct. I should like to know why a number of hon. members opposite rose in their places. Surely, if they understood that the nays had it, it would not have been necesary for them to rise at all.

Mr. COLDWELL: I was one of those who stood. I expected the yeas to have it and I was on my feet until I heard that the nays had it, when I sat down.

The CHAIRMAN: What the hon. member for Kootenay East and the hon. member for Winnipeg North Centre are asking me to do is to refer back to a decision given by the Speaker. That cannot be done when the house is in committee. The decision of the Speaker was given when he was in the chair, and the house is now in committee of the whole.

Mr. WOODSWORTH: This is a different point of order, Mr. Chairman. The Speaker said the house was in committee, and my point of order is that under these circumstances we are not in committee. In all fairness we should have been given the right to challenge the ruling of the Speaker. We had no opportunity to do so, and that is why I now raise the point of order that we are not properly in committee.

The CHAIRMAN: My ruling on the point of order just raised by the hon. member for Winnipeg North Centre is that his point of order is not well taken.

Mr. WOODSWORTH: Then I challenge the ruling of the Chair; I appeal from the ruling of the Chair.

Mr. POULIOT: We are wasting precious time.

Mr. MACKENZIE (Vancouver): I understand that a point of order has been raised by the hon. member in committee, which must be referred to Mr. Speaker. In order to expedite proceedings, since an appeal from the chairman in committee will involve in any case an appeal to Mr. Speaker, I think all parties to the argument will be satisfied if someone moves that the committee rise, report progress and ask leave to sit again this day. Then, with Mr. Speaker back in the chair, we can have the matter decided immediately.

Mr. POULIOT: In accordance with the suggestion made by the Minister of National Defence, Mr. Chairman, I would move, seconded by the hon. member for Essex East, that we should—

The CHAIRMAN: The hon. gentleman is entirely out of order.

Mr. SPEAKER resumed the chair, and the chairman of the committee made the following report:—

In the committee of the whole Mr. Woodsworth raised a point of order on the ground that the committee was not properly formed. The chairman ruled that the point of order was not well taken. Mr. Woodsworth appealed from this ruling.

The ruling of the chairman having been confirmed, on division the house resumed consideration in committee of Bill No. 57, respecting Industrial Loan and Finance Corporation—Mr. Vien—Mr. Sanderson in the chair.

On section 1—Loans of $500 or less.

Mr. POULIOT: I should like to say just a word, Mr. Chairman, to tell you that in my humble judgment there should be an additional half hour for the consideration of private and public bills to-night, because of the time that has been spent in discussion of other matters. It seems to me that either the sponsor or the seconder of this bill should move that private and public bills may be studied until nine-thirty to-night, instead of nine o'clock.

Some hon. MEMBERS: No.

Mr. VIEN: Mr. Chairman, I regret that the time at my disposal will not permit me adequately to answer the criticism that has been offered against the bill now under consideration. I should like, however, in the few minutes at my disposal, to urge that such criticism as has been offered has come principally from members representing provinces in which these companies do not operate. I do not deny the right of all hon. members to speak on such a matter and to oppose it, but I am quite sure they must agree that their constituents will not suffer if these bills are enacted. Furthermore, I would beg the committee to consider that most of the opposition has been misdirected. Our opponents have urged that this bill, No. 57, and its brother bill, No. 58, will have the effect of putting on the statute books a wrong principle, in that we will give these companies the right to impose a rate of interest amounting to 24 per cent per annum.

Mr. LANDERYOU: No, 26·8 per cent.

Mr. VIEN: The hon. gentleman says 26·8 per cent. According to the bill, the maximum rate that can be imposed is two per cent per month, but my hon. friends are wrong when they try to urge that these bills under consideration have the effect of granting these companies the right to charge 24 per cent or, as my hon. friend says 26·8 per cent. We are not placing any such principle upon the statute books, Mr. Chairman. On the contrary, at the present time the laws of the land, both the general laws applicable to loan companies and the special charters of these companies, entitle them to charge as much as 2½ per cent per month. I ask my hon. friends to possess their souls in patience and not interrupt me, because I have so little time at my disposal, and they certainly will have an opportunity to reply. I am suggesting, Mr. Chairman, that at the present time under the statutes governing loan companies these companies are entitled to make a maximum charge, including interest and all other services, not exceeding 2½ per cent per month. For several years the superintendent of insurance has been urging these companies to come to parliament to have their charters modified in two respects: first, to reduce the maximum charge they are entitled to ask from the borrowers from 2½ per cent per month to 2 per cent per month; and secondly, in addition to that, to change the basis of their operations. Presently these companies operate on a discount basis. That is to say, when a borrower asks, for instance, for a loan of $100 the company is entitled to deduct from the loan the interest for one year, plus the service charges. The interest for one year being 7 per cent per annum, and the service charges being 2 per cent per annum, the borrower instead of receiving $100 would receive $91.

If the borrower then refunds the money before the due date he is entitled to a refund of a part of the interest, but not part of the

service charges. This makes a very complicated system, both for the company and for the borrower. The company has to keep a certain amount in reserve for the unearned portion of the interest, and the borrower cannot know at all times how much he is being charged for the money he is borrowing.

For at least two or three years we have had long discussions with the insurance branch on this subject, and the superintendent has urged these companies to try to reduce the rate of interest. At long last they have agreed to come to parliament and to amend their charters with a view to reducing the maximum charge from 2½ per cent per month to 2 per cent per month, and also to change the basis of their operations from a discount basis to a straight interest charge on the remaining monthly balance owing by the borrower.

This bill, Mr. Chairman, and Bill No. 58, were referred to the committee on banking and commerce, where a lengthy study has been made of all their features. Bill No. 58 has been amended and will be considered by the committee. I desire to advise the committee that before resuming my seat I shall move that this bill be amended in exactly the same terms and in the same language as Bill No. 58 was amended in the standing committee on banking and commerce. By these bills parliament is not called upon to enact a new principle. The principle is already in the charter, and the principle is already in the general act applicable to loan companies.

If parliament defeats the bill, what will be the result? Will it be advantageous to the prospective borrower? All our opponents have tried to set out the miserable conditions which these companies make with the prospective borrower. I suggest that the very reverse is true. These bills purport to correct a situation, maybe not to the extent some hon. members would like, in fact, not as much as I would like myself, but at least to the very limit which has been found practicable both by the superintendent of insurance and by the managements of the companies concerned. If these bills are enacted it will not be permissible in future for the loan companies to charge not only for interest but for all services of any kind whatsoever more than a maximum charge of 2 per cent per month. This is also provided in the amendment I am about to move. In the standing committee on banking and commerce the 2 per cent per month rate has been broken down, half of one per cent to cover interest, and up to 1½ per cent per month to cover all legitimate expenses incurred by the company.

I therefore suggest that when these bills shall have been enacted a borrower, far from being put in a more disadvantageous position, will be in a more advantageous position. If these bills are defeated, if they are talked out and cannot be enacted, the result will be that the present condition of which there has been so much complaint will continue to obtain, and loan companies acting under the provisions of these charters will, as in the past, continue to be entitled to charge the rate of 2½ per cent per month.

In addition, I beg to suggest that the opposition which has developed both here and in committee has been instigated by a competitor—

Mr. STEVENS: Mr. Chairman, that statement cannot be allowed to go unchallenged. The hon. member has said that the opposition of hon. members in the committee on banking and commerce to the bill was instigated by a competitor. I made myself clear in the house before the bills were sent to committee, and I take absolute exception to the hon. member's statement and demand that it be withdrawn. The hon. member has no right to say it.

The CHAIRMAN: The hon. member for Kootenay East is speaking on a point of order?

Mr. STEVENS: Yes.

The CHAIRMAN: In my opinion the point of order is well taken, and I ask the hon. member to withdraw.

Mr. VIEN: I should have the privilege of speaking to it, but I abide by your ruling, Mr. Chairman. In my words I had no intention of implying that any hon. member either in committee of the whole or in the committee on banking and commerce had been influenced by the competitive company. But the competing company has been very active in suggesting that these bills should be defeated, and the solicitor for a competing company, Mr. Forsyth, was heard in committee. When he was heard in committee, what did he have to say? He said, not that the rate was too high, but that it was not high enough.

Mr. POULIOT: He is a lamp post on St. James street.

Mr. VIEN: My hon. friend may urge that in committee, if he wishes, but I do not believe Mr. Forsyth would agree with him. Mr. Forsyth suggested in the first place that the maximum loan that these companies should be allowed to make should be limited to $300, and also that the interest rate should be three per cent per month on loans up to $100, and two per cent per month on loans

from $100 to $300. Mr. Finlayson analyzed the results of this suggestion, and I should like to quote from page 154 of the evidence he gave before the committee.

Mr. TUCKER: I rise to a point of order. The hon. member is reading from a report of a committee now considering another similar bill.

Mr. VIEN: On the point of order, both bills have been reported. The reports of the committee have been tabled and I submit that I am entitled to read from a report which is on the table of the house, even although it does not refer to the bill under discussion. I am entitled to do that in order to make my argument.

The CHAIRMAN: In my opinion the point of order raised by the hon. member for Rosthern (Mr. Tucker) is not well taken.

Mr. VIEN: Mr. Finlayson analyzed the results of the rates suggested by Mr. Forsyth as follows:

I have them computed on the $300 loan. The balance up to $100 bears three per cent per month; the balance from $100 to $300 bears two per cent. The two per cent element will be repaid first, and when the loan gets down to $100, the $100 balance will bear three per cent until repaid, and that $100 will bear three per cent while the first element is being repaid. Now, I had computed loans on that basis, because that is a very common basis that has been suggested, loans of $100, $200, $300, $400 and $500. Perhaps I may as well give the whole schedule because the balance above $300 bears one per cent. The $100 loan would be, of course, at three per cent; the $200 would be at 2·73 per cent; the $300 loan would be at 2·54 per cent; the $400 loan would be at 2·35 per cent; the $500 loan would be at 2·17 per cent.

I think I am right in stating that the competing company opposed this bill, not because the rates were too high, but because they contended they could not make any profits at those rates. As reported on page 134 of the evidence given before the committee, Mr. Forsyth stated that his company would be unable to prosper unless it were able to charge the rates which were set out a little earlier.

I urge upon the committee that these bills offer an improvement over existing conditions. If these bills are defeated, the condition complained of will continue to obtain. If these bills are allowed to pass, the maximum rate will be reduced from 2½ per cent per month to two per cent per month. The basis of operation will be changed so that the borrower will know at all times exactly what he is called upon to pay. The two per cent will be charged on the balance owing to the lender at the end of each month, and there will be no confusion either in the mind of the company or in the mind of the borrower. The borrower will know at all times that he pays one half of one per cent per month as an interest charge, and pays up to one and one half per cent per month to cover all services, including insurance against fire in the case of a chattel mortgage, against death, and so on.

I suggest that the criticism levelled against these bills is ill founded. I am sorry the time at my disposal does not permit me to go into this matter fully, but I would point out that these bills have been urged upon the companies interested by the department of insurance. These bills are opening the way for the general legislation which the government has announced may be introduced next year. A special committee is to be created to study the whole situation, and if these bills are permitted to pass, that committee will have the benefit of a year's operation of this legislation when studying what type of legislation should be placed upon the statute books to cover companies of this kind.

The CHAIRMAN: It is nine o'clock.

Progress reported.

SUPPLY

The house in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF MINES AND RESOURCES

Indian affairs branch—

To provide for expenses connected with the administration of Indian affairs, including salaries, supplies, relief, medical attendance, hospitalization, dwellings, agricultural activities, surveys, roads, bridges, irrigation, dyking, education, etc., and a grant of $100,000 approved by parliament in session of 1926-27, $4,249,124.

Mr. BARBER: When we were discussing the other evening the supplementary estimates of the Indian department I intimated that I wished to raise under a general item the problem which faces us in British Columbia of the control of tuberculosis. The provincial government have been making a concerted drive against this disease in British Columbia. They are somewhat handicapped because the Indian population is not under provincial jurisdiction. To show the seriousness of the situation in British Columbia—and perhaps it applies to other parts of Canada as well—I refer to the bulletin of the Canadian Tuberculosis association for March, 1937. I direct the attention of the minister to that bulletin, from which I will read no more than a few extracts. This article states:

The appalling toll of tuberculosis among the Indians of Canada constitutes one of the most challenging problems of the present day. When

we realize the facilities for early diagnosis, treatment and prevention that have been used to such good advantage in the white population have never been made aavilable for the attack on the Indian problem, it is apparent that there is much that could be done to alleviate conditions.

Further on it refers to measures which have been taken to cope with this disease among the white population, and states:

These measures have never been applied to the Indian problem. However efficient the medical services of the Department of Indian Affairs may have been in relation to other disease they have never developed a progressive policy for the control of tuberculosis. Facilities for tuberculosis control among the Indians have never kept pace with those provided for the white population and this in spite of the fact that tuberculosis is the Indians' chief cause of death. The fact is also ignored that the disease is a legacy given by the first white settlers who came in contact with Indians, and that we therefore have a difinite moral responsibility towards it.

Those of us who have lived in British Columbia for a number of years will confirm those statements. I have spent some thirty-eight years in the province, and because of the profession I have followed I have come in contact with this problem. I can recall dozens of families where the second generation were completely wiped out by tuberculosis. It will be found on the reserves throughout the province, and no effort whatever has been made by the Indian department to cope with it. I should like to quote from a table to give hon. members an idea of the ravages of the disease among the Indians of our province. It is contained in a memorandum re tuberculosis problems issued by the department at Victoria. For comparative purposes I will quote the figures applicable to the three races, orientals, Indians and white.

	Deaths from tuberculosis	Total population	Rate per 100,000
1931—			
Orientals.. ..	90	49,744	182
Indians.	165	24,599	670
Whites.	387	620,320	62
1934—			
Orientals.. ..	69	50,674	136
Indians.	216	25,161	858
Whites.	284	649,165	43

I shall not take time to read the whole table. But it will be noted that in 1934 the deaths among whites were 43 per hundred thousand, while Indians were dying from this disease at the rate of 858 per hundred thousand. It has also been noted that 58·52 per cent of all deaths from tuberculosis among Indians were of persons under twenty years of age, and the registration of deaths for Indians for the year 1935 showed that 43·3 per cent of the deceased were persons who were not even attended by a doctor.

[Mr. Barber.]

I do not lay the blame at the door of the present minister or the present administration for this condition has continued over a long period of years; but now that a determined effort is being made to wipe out this disease among the whites and others of our population, we are handicapped as far as the Indian population is concerned because they come directly under the Indian department.

In looking over the departmental reports for 1935 and 1936, I observe that whereas in the former year, 1935, the total vote for medical attendance, including hospitals and other related matters, was $1,080,000, in 1936 only $939,406.57 was expended; that is, the expenditure for medical attendance and services to the Indians of this country was cut down by $140,600. I suggest to the minister that it might be well to review the whole situation as to medical attendance, and also to make provision to cooperate with organizations which are fighting the white plague throughout Canada. I know it will be replied that we are short of money. That has been the complaint each year. But may I point out a fact within my own knowledge, that some money could be saved in respect of certain portions of this expenditure. Here again I do not lay the blame at the door of the present minister or the present administration.

Take, for example, the purchase of medical supplies. From a return tabled about a year ago I learned that the total cost of medical supplies for 1935 was $65,199. According to the last information I had the expenditure has increased to seventy or eighty thousand dollars. What I wish to point out is this. As the Minister of Pensions and National Health (Mr. Power) told us when his estimates were down the other day, medical supplies are purchased in eastern Canada; for the last six or seven years—he was not just sure of the length of time—they had been obtained from his department. I took the matter up while the last government was in power with the superintendent of Indian Affairs, but I did not make any impression. But this is how it works out. Requests are sent in from British Columbia; medicines and medical supplies are made up down here and are shipped to different parts of the province. What happened previous to that time was that an Indian agent would make up his requisition and present it to the druggists in the district, perhaps fifteen or twenty of them, and ask for tenders; and those tenders were forwarded to Ottawa. I think I can assure the minister that he could save four or five thousand dollars if he would revert to the old policy of calling for tenders

from local druggists remembering that a condition was inserted that the drugs or medicines were not to be supplied until called for, and if not called for they were not, of course, paid for.

But what happens now? Requisitions come down here and the articles are packed into cases and shipped. These packages, weighing between four and five hundred pounds, have been even shipped as far as Prince George, and from there north, and I know for a positive fact that there is a considerable loss, as drugs and medicines deteriorate from forty to fifty per cent in many cases. Formerly the druggists in Prince George had the privilege of tendering and they could send these medicines north as required. That has been stopped. Moreover, these operations are contrary to the Pharmacy Act of the province. Even in the hop-picking area a miniature drug store has been set up with a matron in charge. I was in a small town where I called on the druggist and he pointed out to me one of these small stores three hundred yards away in a hop yard. A woman was in charge of it. She came to this druggist with a little bottle of crystals and said she had instructions to prepare an eye lotion of five to ten per cent strength. She did not know how to mix it and this druggist prepared the lotion for her. All these goods labelled "poison" came through from Ottawa and were put in charge of one with no knowledge whatever of dispensing and not qualified under the laws of the province.

I ask the minister to consider this carefully for more than one reason. I am sure he would save between four and five thousand dollars a year on the quantity shipped. I know that the druggists in the province never figured on more than ten per cent of a handling charge on all drugs supplied through the wholesalers, and the price is practically the same as it is down here. They have a right to the business.

There is another important matter I have to bring to the minister's attention, and I must lay some of the blame at his door. I refer to dental services. Before I left I received a complaint that a change was being made, and when I arrived here I put on the order paper a question, the answer to which was brought down as a return. I inquired as to the amount of money expended in dental services among the Indians, and particularly in the Indian schools. Everyone will agree, I think, that in every community those who are engaged in dental clinic work and in other health improvement activities among children are performing a public service that should be encouraged. This work among the Indians should not be allowed to suffer, particularly in the Indian schools. I find that in 1934 the amount paid for dental services was only $1,203, in 1935, $961.50, and in 1936, $984.75. That is not a large expenditure; in fact, it does not begin to touch the problem. In this inquiry I asked for a list of the dentists employed in the different schools. Prior to 1930 there were one or two dentists travelling throughout the province which was very unsatisfactory and the department saw fit a few years ago to appoint local dentists to do the work. They were modern, well-equipped dentists. One question I asked was "the tariff of fees allowed," and the department answered:

> $30 per day, dentist to furnish material. Very limited travelling expenses allowed; not to exceed the cost of travel from the nearest point where there is a dentist.

I do not know where this does apply, if it applies anywhere at all, but it certainly does not apply to these particular schools, and the department must have known perfectly well that this was not the schedule of charges. Since receiving this return I got in touch with these different points, and I have been informed that during the last four years the charge has been 25 cents per extraction and one dollar for filling. The instructions in the last two years having been to do no filling.

I asked whether this service would be supplemented and whether any change had been made in dental services to Indians in British Columbia. I also asked whether a dental survey had been made. Further, I am told that the services of the local men are to be dispensed with entirely, the work to be done by two dentists. In the return this statement appears:

> Where local dentist not employed, Doctor A. R. Baker and Doctor Fred King, Vancouver, are under arrangement to provide dental services at the Squamish (North Vancouver) Kuper island, Schelt and at the Coqualeetza (Sardis) mission and Lytton schools, respectively.

The complaint I make is this. One of these dentists is an ex-game warden; he filled the post in British Columbia under Liberal government for a number of years. The other, a fine old gentleman, is a brother of an ex-Minister of National Health in the Liberal government; a really good Liberal. In fact, they are both good Liberals, and that no doubt is the reason they have been given this work. No doubt the minister from British Columbia said to his brother minister, "Here are two men I want you to look after," and the minister in charge of this department probably said, "All right; I will give them thirty dollars a day and travelling expenses." That is certainly looking after them

Mr. MACKENZIE (Vancouver): Both good men.

Mr. BARBER: Yes, the minister agrees they should be looked after. Five modern equipped dentists are within ten minutes' drive of the Coqualeetza school, but these men are not permitted to do the work. Two reside at Mission City, but are denied this work. The two elderly Liberal dentists have been given the work, the minister agreeing to have them look after the Indians at $30 a day—Lo, the poor Indian! This is what they have to put up with. Ask anyone who knows, and he will tell you what the work was like prior to 1930. Purely political patronage.

One dentist receiving 25 cents an extraction told me he had "not bothered sending in a bill, it takes about three months to get a cheque back and I think they only owe me $12 or $15 for the year and I have not bothered about it." I say to the minister, local dentists are entitled to a much better deal than this. And I believe it would be much more satisfactory to employ local men, they are there in case of emergency. The minister has plenty of choice, I am not naming anyone, there are plenty in close proximity to these schools. I think it cannot be said that my criticism is not constructive. I have criticized the department for not taking action in regard to tuberculosis, but that does not lie at the door of the minister. I have undertaken to show where we can save money and improve the service. I ask the minister to take these into consideration. As far as dental service is concerned I urge that it be given to local men whom I know would give the very best service and at a reasonable cost.

Mr. McCANN: This appropriation, running into something over $4,000,000, makes provision for medical attendance and hospitalization of the Indians. The amount this year shows a decrease of $113,000. I hope that amount is not taken off what is appropriated for the medical services. I think I can speak on this matter, because at one time I did some work among the Indians and because I know I can present the views of organized medicine throughout Canada with reference to this very important problem.

I want to endorse what has already been said by the hon. member for Fraser Valley (Mr. Barber), who speaks more particularly with reference to British Columbia. Probably I can give some information with reference to Canada regarding tuberculosis among the Indians, and I hope to offer some constructive suggestions whereby that service to the Indian population can be much bettered. It is not a service to the Indians alone about which we are concerned. This is a national problem, a problem which concerns not only the Indians immediately, but those who live adjacent to them.

According to the bureau of statistics we have in Canada approximately 120,000 Indians out of a general population of about 11,000,000, and in this relatively small group there were 704 deaths from tuberculosis in 1935 as compared with 6,597 from the same cause in all other races. This means that the Indian rate is approximately ten times that of the white population. Let me quote some figures with reference to the number of deaths among Indians in Canada from tuberculosis from 1926 to 1935.

In 1926 the number of deaths was 586, in 1927 there were 624, and in 1935 the number was 704, showing a very considerable increase.

The total number of deaths from tuberculosis in Canada, including Indians, was 8,116 in 1926, then there was a gradual decrease every year until 1935 when the number was 6,597. But the bureau of statistics figures show that among the Indians there was an increase in the death rate during those ten years, although among the general population of the country there was a very considerable decrease.

I give the figures for the death rate from tuberculosis in Canada, including Indians, from 1926 to 1935. The figures are, per 100,000 of the population. In 1926 the figure was 86, and in 1927 it fell to 82·2, then gradually it decreased until 1935 when it stood at 60·5. In Manitoba, which contains a great number of Indians, the rate in 1926 was 61·1, and it only decreased to 60·8. In Ontario it was 58·9 in 1926, with a gradual decrease to 35·5 in 1935.

There has been, I think, no more prominent authority on tuberculosis than a resident of the province of Manitoba, the province from which the minister comes. I refer to Doctor David A. Stewart, the late medical superintendent of the sanatorium board of Manitoba, at Ninette. I wish to quote a few extracts from a very interesting and illuminating article which he wrote, called The Red Man and the White Plague:

> We can all remember when tuberculosis among Indians was thought of as a kind of relentless process of nature, like an earthquake that we could stand in awe of, and be very sad about, but do nothing to check or change. Now we know, or if we don't we should, that tuberculosis among Indians is amenable to suitable and adequate measures of prevention and cure, just as it is among white people, and just as any other endemic and epidemic disease is in any population. This field, once thought to be abandoned to stark fate, could yield returns to surprise everybody.

Much has already been done by the federal government through its Department of Indian Affairs to improve standards of living, health and enjoyment of life among its native wards, but very much more remains to be done by direct attack on entrenched disease, chiefly tuberculosis. An excellent illustration is the cutting of death rates in two, in five years, in the health demonstration carried on by the department at Fort Qu'Appelle as a result of full time medical care, some segregation, and a limited amount of hospitalization. Still better results will follow—perhaps another cut in two of death rates—when this unit has the backing also of a small local hospital which has just been completed by the department. There is no reasonable doubt that Indian deaths and Indian tuberculosis can be reduced in time to an astonishing minimum if only the necessary measures can be applied.

It is true that all possible helpful measures, economic, medical and educational, cannot be fully applied in every part of the field at once, especially at a time of maximal national outlay and minimal income. But we, the people of Canada, who are the guardians of the Indians, should at least know that tuberculosis and other diseases among them are not the hopeless or insoluble problems they were once thought to be. The chief obstacle is lack of money, which, while it may be at times the root of much evil, can also be a means of rooting out much evil. One way to lessen that obstacle if we cannot overcome it, is to find the most efficient ways of using what money and resources are already devoted to the service of Indians. For instance, the local medical services, while here and there worthy of all praise, could be greatly improved, especially if made when possible full time, reasonably continuous and specially trained.

There, I think, lies one of the great difficulties in treating the Indians. Treating tuberculosis is an expert business, and you cannot hope for the best results if you use only ill trained, part time men. I submit that a great number of appointments are being made and have been made more from a political point of view than with an expert, scientific end in view. This is one place where politics should not be played. We cannot trifle with the lives of people, especially with the lives of the Indians, who are the wards of the Canadian people. I submit that men are employed who are adjacent to Indian reservations, men who are good general practitioners but who have neither the expert knowledge nor the technique to carry on this particular work. We owe this treatment to the Indians, partly because we occupied their territory but especially because we brought them tuberculosis, and we should help them fight it.

Furthermore, in these days of much easier intercommunication with white people, because of the new methods of transportation and the opening up of the north, there is more opportunity for this disease to be spread. These Indian reservations and settlements never were disease-tight or watertight compartments, and that is even less so in this new day of easier travel. It is true that any disease in any remote corner of a province is a disease within the province, and that the province will not be clear of disease nor safe from its menace until that corner is cleaned up and made safe. In health matters no man liveth unto himself and no man dieth unto himself. I submit that the prevalence of tuberculosis in these Indian reservations makes them cesspools of infection which may infect the population adjacent to them, so that all the good work that has been done by organized medicine throughout Canada in reducing the mortality from tuberculosis may be undone through the neglect of the department of Indian Affairs in not scientifically carrying on the work with reference to the Indian population.

Treaty Indians are not citizens, but they are residents within the province just as though they were citizens, so their uncontrolled diseases are a menace to the people generally and to the general health of the province itself. Indeed in some ways their menace is much greater because they are not citizens, since they are beyond all local and provincial arrangements and facilities. An Indian reserve with bad health conditions is like a city slum would be if the city health authorities had no jurisdiction. So the Indian is a dangerous neighbour, presenting a serious problem particularly in Ontario west of the great lakes and in the four western provinces. That is so to a lesser extent in the northern hinterland, because there the primitive Indian life has been less interfered with.

Figures obtained at Ottawa show that, including those not living on reserves, the Indians represent 1·1 per cent of the entire population. In Prince Edward Island they represent ·3 per cent of the population; in Nova Scotia, New Brunswick and Quebec, ·4 per cent; in Ontario, ·9 per cent; in Manitoba, 2·2 per cent; in Saskatchewan, 1·7 per cent; in Alberta, 2·1 per cent, and in British Columbia, 3·5 per cent. At first glance it may be considered that such a small proportion of Indians could not greatly affect the general average of health, or the general tuberculosis death rate, but let me tell the committee how the record stands in the four western provinces, and this may be illuminating to the minister. In Manitoba the Indians comprise only 2·2 per cent of the population, yet 31 per cent of all deaths from tuberculosis were among the Indians. In Saskatchewan 27 per cent of the total deaths from tuberculosis fell among the Indians, who compose only 1·6 per cent of the total population. In

Alberta, where the Indians are 2·1 per cent of the total population, 34 per cent of the deaths from tuberculosis were among these people and in British Columbia, with an Indian population of 3·7 per cent of the total, 35 per cent of all tuberculosis deaths were among Indians.

I submit that these Indian settlements are reservoirs of tuberculosis, and from those reservoirs infection leaks out into the general community. It leaks out in three ways; first, by mixture of blood, which has gone on for nearly two hundred years and no doubt will continue until the red race is absorbed into the general population. This forecast surely gives us a special motive for doing the best possible for the Indians, who are actually increasing in numbers in spite of all their difficulties. In the second place, disease is scattered by the association of Indian people with white people in work, in travel and in exploration. Third, the disease can be spread by articles made or handled by Indians. Even the picking and selling of blueberries should be considered in this connection. The menace of these areas becomes greater and greater as communications get better. While some local communities are practically rid of tuberculous infection and children are growing up uninfected and tuberculin negative, any outside infection is as a spark in dry grass, not as a spark in the rather sodden grass of a half or quarter century ago.

We sometimes blame the Indians for having a low resistance with regard to tuberculosis. That is very easily explained, from the medical point of view, in the fact that it is a new disease to them. For hundreds of years the rest of the population have gradually developed a degree of immunity which gives them something with which to ward off the disease, but it is practically a new disease to the Indians, so the death rate is relatively high. I submit further that another reason for the high death rate among the Indians and the low resistance to tuberculosis is their poverty. Like most other social problems, this one is less medical than economic and educational. It is true that this poverty is accentuated by the Indian's mismanagement, indolence and improvidence, and these are sometimes gross. We must remember, however, that the Indian is in the difficult position of having almost lost his own world of the open spaces and his various employments, while he has only an occasional chance in the white man's world. The most energetic and resourceful white man, if put in the position of some Indians and placed under their limitations with regard to employment, probably would not do much better than the Indians have done. Racial carelessness and ignorance handicap the Indian in his fight, if he does fight against tuberculosis, but his poverty also presents great difficulties.

We are the guardians of the Indians, we, the people of Canada. In the language of the day we have a mandate for their care. The world suffers increasing spasms of conscience with regard to what is done by dominant people, such as ourselves, with native races, such as the Indians. The new principle, that the advantage of the native in and through his own country and not the enrichment of the invader from the native's toil or slavery is the first aim of any kind of colonization, would have been preposterous years ago. In Canada we have likely done neither the worst nor the best possible, but I doubt if a league of nations mandate committee would be entirely satisfied with what we have done or are doing for the health of our wards, or the lessening of tuberculosis among them. This whole matter was taken up by the medical association some time ago. A fact finding committee made certain recommendations, and some of the facts which were advanced by the committee I want to place before the minister. They are these:

First, the general death rate among Indians is extremely high, especially in deaths from diseases of the chest.

Second, tuberculosis in the western provinces has a death rate among Indians ten to twenty times as great as that among white people, and over thirty per cent of the total deaths from tuberculosis occur among Indians, who comprise less than three per cent of the total population.

Third, where well thought out measures have been applied by the Department of Indian Affairs the response of the Indians, and the comparative cleaning up of their disease have been phenomenal.

Fourth, we are satisfied that this extremely high death rate can be reduced, as death rates elsewhere have been reduced in time, by the careful applying of known measures.

Fifth, such tuberculosis-soaked groups as the Indians, mingling with the general population of the western provinces, constitute a very grave menace to the health and life of the people in general.

Sixth, the rapid lessening of tuberculosis in the general population of the western provinces, while this disease remains among the Indians unabated, makes the relative danger of the spread of infection from Indians a constantly increasing one.

Seventh, whatever the menace may be, and however well understood by people of the provinces, no action can be taken except by the federal authorities.

In view of those findings I think we can make certain recommendations which, if put into operation, will not only affect the death rate from tuberculosis among Indians, but will be a general safeguard to the population of the country which comes in contact with the Indians. The point I make is that if the present situation continues, the good work which has been done by the medical profession throughout Canada in lowering the death rate from tuberculosis will be undone, and in a few years, probably a quarter or half a century from now we will have to do over again that which at this time could be prevented. I would recommend that:

1. In view of the facts I have set out, wherever possible the medical services given to the Indians should be full time, permanent appointments.

2. Medical services among the Indians should be considered to demand special experience and skill in dealing with diseases of the chest, especially tuberculosis, and such experience and skill should be chief considerations in the making of appointments. As I said earlier, I am afraid that sometimes these appointments are made as a matter of convenience, and that the qualifications of those appointed are not such as to give the Indians that care to which they are entitled.

3. The services of travelling clinics with X-ray equipment, either organized by the department or borrowed from provincial organizations, can and should be used for periodical surveys of reserves.

4. Such surveys should be made at least yearly in schools for Indian children, and children who have infective disease should be satisfactorily segregated or removed.

I submit to the minister that either these recommendations should be put into effect or the department should transfer to the Department of National Health the treatment of these wards which come under our care. I have no apology even on this last or second to the last day of the session to make for bringing this matter before the committee. I submit it is one of national importance, and one which will require the best thought and judgment of the minister and the officials in charge of this service. If we do not give the matter proper consideration at this time we are going to pay a severe penalty for not doing so.

I have made some suggestions which perhaps will be useful, and I believe I have presented the views of organized medicine. It is my belief that the minister, knowing that the views I have expressed are held not only by me, but rather are those of doctors from one end of Canada to the other, will take note of the representations I have made.

Mr. TOLMIE: Mr. Chairman, the subject under discussion has been well covered, and for that reason I do not purpose saying very much or taking up much time. My reason for speaking on this question is that I have received from the health branch of the province of British Columbia a request to bring the matter before the house. May I say that the provincial government of British Columbia, as has been pointed out by the hon. member for Fraser Valley, is somewhat alarmed at the dissemination of tuberculosis in that province, much of which is said to be due to Indian sources.

Some of the figures are rather interesting. The government out there has made a real effort to cope with the situation by establishing a sanatorium at Tranquille, near Kamloops. At that point an excellent institution has been set up, to deal mostly with whites. It is believed by officials in that province that Indians, in their present condition, and with the high percentage of tuberculosis which is found among them, are a menace to the work which is being carried on to fight the disease.

I do not propose to give many figures, but I shall refer to a few of the high spots. One of the pathetic facts in connection with the record is that 58·52 per cent of Indians dying from tuberculosis are under 20 years of age. To a great extent they are helpless children. When it is remembered that tuberculosis is not hereditary, that is, that it is not communicable through the mother, the conclusion must be that these Indian children must develop the disease from contact after birth.

The registration of deaths showing only a percentage of 43·3 per cent where there was any evidence of a doctor being present at death or during illness, is a fact which should cause us alarm, and shows reason and plenty of opportunity for improvement. Doctor McQuarrie, who is in charge in British Columbia, is an official who is well known and in high standing, and one who thoroughly understands the situation. While I have not had experience in the treatment of human tuberculosis, I have had a very excellent opportunity to study animals infected with the disease, and I know from my experience that we cannot expect satisfactory results in caring for tuberculosis unless we have sufficient money. One cannot make one dollar do the work of three.

In connection with expenditures on education, with respect to the ailment, I notice that in 1936, $400,554 was spent, and on

medical services only $241,317. If these children are dying at the rate I pointed out a minute ago, I believe the medical service should be supplemented to a point where it will control the danger from the disease. When we consider that these Indians are charges or wards of the dominion government, as has been pointed out very clearly by previous speakers, we should not think of it in the light of the money involved. It is a matter of humanity and Christianity, a matter of treating these wards of the government in a fair and decent way. When a man's life is at stake we cannot begin to count the cost. The present situation is unfair both to the Indian and to the white.

I am not blaming the minister for the conditions referred to among Indians. This has taken place over a period of years. I should like to point out what can be done when sufficient money is available and there is a determination to succeed. In 1926 a tuberculosis free area was created in the Fraser river valley by the health of animals branch. A total of 46,174 head of cattle were tested and 3,643 or 7·9 per cent reacted. In 1932 a total of 66,746 cattle were tested, and the percentage of reactors was only 0·6 per cent. When the tests are completed in 1937 it is expected that there will be less than one half of one per cent of affected animals in the area. I give this to the minister, not as a matter of comparison but as illustrating what can be done when there is sufficient money to go after these things in a determined way. With the permission of the house, I shall conclude now by placing my figures on Hansard.

Mr. DUNNING: All right.

Mr. TOLMIE: They are as follows:

The first general test was conducted in 1926—46,174 cattle were tested, 3,643 reacted, or 7·9 per cent, at a compensation cost of $124,101.

The following general tests have since been conducted:

	No. cattle	No. or reactors	Per-centage	Compen-sation
1927	46,191	515	1·1	$20,422
1928	46,480	351	0·76	14,637
1929	50,603	188	0·37	8,113
1932	66,746	407	0·6	12,879

The last general test of the cattle in this area was commenced last fall and up to February 24th last 36,186 cattle had been tested and 62 reactors found, or 0·17 per cent, compensation $2,019. There is, therefore, every prospect, with over half of the cattle tested, that the percentage of reactors this time will be less than one-half of one per cent.

The estimated total cost of each general test, including salaries of veterinary officers, tags, supplies and compensation, but not including livery, which is borne by the provincial government, is as follows:

Statement of Expenditures—British Columbia

(a) Indian Education:

	Expended for fiscal year ended March 31, 1936	Appropriated for fiscal year ended March 31, 1937
Residential schools	$328,720 91	$304,260 42
Day schools	60,922 17	55,075 00
British Columbia special	10,911 40	10,000 00
Totals	$400,554 48	$369,335 42

(b) Medical Services:

	Expended for fiscal year ended March 31, 1936	Appropriated for fiscal year ended March 31, 1937	Estimated for fiscal year ended March 31, 1938
Parliamentary appropriation	$186,020 63	$171,151 00	$160,763 00
British Columbia special	55,297 35	50,000 00	50,000 00
Totals	$241,317 98	$221,151 00	$210,763 00

Memorandum Re Tuberculosis Problem Amongst Indians in British Columbia

The tuberculosis division of the provincial board of health, in attempting to control tuberculosis in British Columbia, has jurisdiction over the total population, except for the Indians. The Indian population comes under the control of the Indian department of the dominion government. Compared with the rest of the population of the province, the Indian death rate from tuberculosis shows a startling high rate. The following death rates speak for themselves:

Year	Race	Deaths	Population	Rate per 100,000
1931	Orientals	90	49,344	182
	Indians	165	24,599	670
	Whites	387	620,320	62
1932	Orientals	62	49,918	124
	Indians	189	24,743	763
	Whites	314	629,339	49
1933	Orientals	66	50,308	131
	Indians	187	24,939	749
	Whites	291	636,753	45
1934	Orientals	69	50,674	136
	Indians	216	25,161	858
	Whites	284	649,165	43
1935	Orientals	68	50,958	133
	Indians	163	25,383	642
	Whites	355	658,659	53
1936	Orientals	49	51,169	95
9 mos.	Indians	148	25,615	577
	Whites	276	673,216	40

It has been noted also that 58·52 per cent of all deaths from tuberculosis amongst Indians were persons under 20 years of age, and that the registration of deaths of Indians for the year 1935 showed the 43·3 per cent of deceased persons were not attended by a doctor.

It does not seem a consistent policy to attempt to control the disease amongst one portion of the population, while it is allowed to run rampant amongst another group. The following table shows the number of Indians in the whole of the Dominion of Canada, divided into the various provinces, and also divided into certain age groups.

Indian Population of Canada

Province	Total pop.	Under 7 years		7 to 16 inc.		17 to 21 inc.		22 to 65		Over 65	
		M.	F.	M.	F.	M.	F.	M.	F.	M.	F.
Alberta	10,900	1,116	1,238	1,277	1,221	601	513	2,233	2,124	259	318
B.C.	23,598	2,148	2,260	2,762	2,755	1,023	1,024	5,213	4,803	807	803
Manitoba	12,958	1,212	1,134	1,497	1,345	851	742	2,667	2,785	322	403
N. Brunswick	1,734	165	173	208	193	92	89	401	333	39	41
N.W. Terr.	3,854	355	428	439	408	262	183	812	888	31	48
N. Scotia	2,093	178	177	210	235	134	117	466	427	83	66
Ontario	30,631	2,012	2,046	2,618	2,576	1,868	1,857	5,898	5,923	829	842
P.E.I.	224	21	27	26	29	5	10	46	48	7	5
Quebec	13,281	1,334	1,252	1,406	1,441	753	732	2,940	2,696	350	377
Sask.	11,878	1,288	1,347	1,313	1,330	575	502	2,351	2,507	289	376
Yukon Ter.	1,359	121	173	134	150	87	87	273	239	47	48
No details	4,162	..	..	..	..	..	..	..	..	..	..
Totals	116,672	9,950	10,255	11,890	11,683	6,251	5,856	23,300	22,743	3,063	3,327

It will be seen from this that British Columbia has the second largest Indian population in Canada, but has a far greater ratio of Indians to the rest of the population than any other province in Canada. It would seem, therefore, that the dominion government should be spending a great deal more on tuberculosis in this province than in any other province in the dominion. Also, at this particular time, when a province is taking steps to control tuberculosis amongst the rest of the population, cooperation from the dominion government to coincidentally work amongst the Indians would seem the correct procedure. One would hesitate to say just exactly how much danger the Indians are, relative to tuberculosis, to the other people of the province. However, knowing that tuberculosis is an infectious disease, we can at least state that there is a potential danger in having so much tuberculosis amongst the Indian population, and that this potential danger increases as the remaining population becomes more in contact with the Indians.

Doctor McQuarrie of the Indian department has been doing everything that his limited finances allow him to do to help control this menace amongst the Indians. Several surveys have been made with the help of the tuberculosis division of the provincial board of health, of some of the Indian schools. In two schools a small preventorium was set up to house some of the infected Indian children. The tuberculosis division of the provincial board of health has offered to survey as many Indians as possible, charging the Indian Department with the cost of this However, surveys are not sufficient, and must be followed up. The

logical means of doing this is by public health nurses, who should go right into the Reserves and teach health to this population. This would be a far-sighted policy and would take some time to show actual effects, but it is felt it is only by this means that some real results could eventually be accomplished.

The Indians in residential schools throughout British Columbia are as follows:

School	Boys	Girls	Total	In Charge
Ahousaht	32	29	61	United Church
Alberni	70	55	125	United Church
Alert Bay	128	110	238	Church of England
Cariboo	51	71	122	Roman Catholic
Christie	60	59	119	Roman Catholic
Coqualeetza	148	113	261	United Church
Kamloops	166	168	344	Roman Catholic
Kitamaat	13	29	42	United Church
Kootenay	44	49	93	Roman Catholic
Kuper Island	51	53	104	Roman Catholic
Lejac	89	98	187	Roman Catholic
Port Simpson	..	29	29	United Church
St. George's	84	90	174	Church of England
St. Mark's Mission	77	82	159	Roman Catholic
Sechelt	53	40	93	Roman Catholic
Squamish	27	30	57	Roman Catholic
Totals	1,093	1,105	2,198	

Schools	No.	Pupils
Residential	16	2,198
Day schools	48	1,518
Day schools—boys		723
girls		795
		1,518

School age: 7 to 16 years.

Expenditure	
Day schools	$ 53,134 16
Residential schools	300,284 53
Stationery, etc.	13,803 83
	$367,222 52

It will be seen from the above that the Indian Department has recognized the value of education. Admittedly, education also includes health. However, the health side needs to go to a great deal further than it has gone up to the present time, and it is felt that the dominion government could cooperate at the present time to aid this province in controlling the tuberculosis menace.

To be fair to the Indian department, it should also be recognized that there are certain so-called Indians that are classified as half-breeds, that are listed in our death rates as having died of tuberculosis under the Indian classification. These half-breeds do not come under the Indian department, despite the fact that they may be living on the Indian reserve. However, it will be admitted, that after the half-breeds are deducted, the Indians run a tuberculosis death rate between six to eight times that of the white population. In controlling the spread of tuberculosis, it is apparent to all that isolation must be carried out. The infected individual, who, through his positive sputum, may spread the disease, is isolated in an institution or in suitable quarters in the home where a public health nurse has the opportunity of supervising him. As far as the Indians are concerned, nothing of this type has so far been done. Where an individual can be isolated, real results can be accomplished, but in communities, such as Indian reserves, where no isolation is attempted, or a relatively small amount at least, it would seem that if something further is not done than is being done at the present time, in order to carry the principle of isolation to its full conclusion, the province should isolate all Indian reserves. This would be a very drastic and unnecessary step, but as the province has no jurisdiction over these Indians' health, it would be the only recourse that they could take in order to be absolutely sure that they are safeguarding the health of the remaining part of the province. The tuberculosis division of the provincial board of health, therefore, earnestly requests that a sincere endeavour be made to interest the dominion government, through the Department of Indian Affairs, to make a substantial grant to their own officers here in the province, who are only too willing to work in cooperation with the tuberculosis division in this province. It is suggested that $150,000 a year be set aside by the Indian department for tuberculosis control in British Columbia. When one considers what the province of British Columbia, and other provinces are spending on the remainder of the population, the Whites, Orientals, etc., this does not seem a large amount of money to spend on the Indian population.

Hon. T. A. CRERAR (Minister of Mines and Resources): Mr. Chairman, the representations made by the hon. members who have taken part in this discussion I think will be very helpful. The hon. member for Fraser Valley (Mr. Barber) has invited me to act on the constructive suggestions which he made in the course of his address. I am not certain that all of his suggestions were constructive, but those that were will receive the proper consideration. With reference to the matter of medical supplies, to which he alluded, the practice for some considerable time has been to have these supplies furnished in the main by the Department of Pensions and National Health. I have not been aware of the criticism that he has directed against this practice, but I may say to him that that will be considered. My only purpose in the administration of the department is to get the most efficient results with the least expenditure of money.

In connection with tuberculosis, I think the hon. member for Renfrew South (Mr. McCann) made a very helpful contribution to the discussion, based largely I assume on his knowledge as a medical practitioner. Due consideration will also be given to the remarks of the hon. member for Victoria (Mr. Tolmie). Tuberculosis among the Indians is one of the gravest problems we have in Indian administration. It has been said that the vote this year has been reduced from the vote of a year ago, but if hon. members will look at the supplementary estimates, which were tabled a day or two ago, they will find an additional vote of $400,000. Part of that vote is to be used to make a start in meeting the tuberculosis problem.

With all that the hon. member for Renfrew South has said I agree. There is no doubt that the efforts made to clean up tuberculosis among the white population in all the provinces of Canada have been handicapped by the constant stream of infection coming from the Indian population. I have discussed this matter with medical men in Manitoba and Saskatchewan who have been actively associated in this fight against tuberculosis. Some of the most valuable suggestions were received from the late Doctor Stewart, who was for many years superintendent of the Ninette tuberculosis sanatorium in Manitoba. I think it is the common judgment among medical men in this country that in his knowledge of tuberculosis and the treatment therefor, Doctor Stewart stood at the very top of his profession. One of the suggestions made to me was that the treatment of tuberculosis among the Indians might be more successfully carried out on the reserves. It was stated that the keeping of an Indian in a sanatorium, with the consequent loss of freedom, might act as a barrier to successful recovery, and I think there is a good deal in that point of view.

For the information of the committee I may say that I have already taken preliminary steps, so far as Manitoba and Saskatchewan are concerned, to get the best possible opinion from medical men who have been associated with the sanatoria in those provinces. Doctor Ferguson of Saskatchewan is an outstanding authority on the treatment of this dread disease. I hope the cooperation and assistance which I shall get from these gentlemen, and also from the medical profession generally, which I am sure will be available, will make it possible to work out some definite plan for fighting this disease. As I said, the supplementary estimates, which will probably be before the committee later on in the evening, provide a sum of money with which to start this work in Manitoba, Saskatchewan and British Columbia. It has been suggested that perhaps the first step should be a survey of the reserves by a travelling clinic, which would find out to what stage the disease had progressed in individual cases.

Mr. BENNETT: That would require X-ray equipment.

Mr. CRERAR: For several years there has been a travelling clinic in Manitoba under the direction of the Ninette sanatorium. Their equipment would be available at comparatively little additional expense for the examination of the Indians on the reserves. I ask the committee to accept my statement when I say that I hope I am fully seized of the importance of this problem. We are going to attack it in the most intelligent way we can. I think it is more important to make the right start than to attempt to build sanatoria which would be very expensive and might not achieve the full results expected of them. At any rate I can assure the committee that the purpose is to consult the best and most experienced authorities we have, to make a study of the problem and if possible arrive at some definite plan of attacking it.

I do not know that I can add anything more of interest, but I assure the committee that the department is fully seized of the importance of the problem. There is no doubt that we have been somewhat limited in the amount of money available for Indian administration. Roughly in this calendar year we shall have spent on medical services among the Indians throughout the country close to a million dollars; I have not the final figures

up to March 31. Relief to Indians will approximate to the same figure. Medical care and hospitalization, relief and education are the large items in the vote for Indian administration. If we could find means of reducing by say five hundred thousand dollars the cost of relief for Indians, that amount of money would be available for other services. As I have said, the problem must be considered as a whole. Without doubt in the northern parts of the western provinces the natural means of livelihood of these people have virtually disappeared. The Indian is by tradition and experience hunter and trapper, an out of doors man. That is especially true in the northern parts of the provinces where agriculture cannot be practised.

I have already discussed with two premiers of the four western provinces the setting aside of areas where fur-bearing animals can be reestablished and where trapping will be limited to Indians alone. It may be necessary to spend a little money on this project, but we hope to arrange with the provinces for the setting aside of suitable areas, perhaps on some form of long term lease, which will enable us to reestablish fur-bearing animals and thus provide a livelihood for the Indians in the adjacent districts. The Indian is a natural conservationist. The depletion of the fur-bearing animals has not been due to the trapping done by him, but to indiscriminate trapping done by whites, who in a matter of this kind are not conservationists at all.

I have mentioned these things very hurriedly to indicate to the committee the gravity of the problem with which we have to deal. The Indian population is increasing at the rate, I should say, of twelve to fifteen hundred a year. If we succeed in our aim of reducing the ravages of tuberculosis and bringing to the Indians better ways of living, through education and other means, undoubtedly the increase of population will be accelerated; and if something is not achieved in the direction of making the Indian population self-sustaining, as surely as night follows day we shall be faced with the necessity of increasing annual expenditures to look after them. The work that has to be done must be constructive.

As regards political considerations attaching to medical care under the Indian administration, may I say that I wish to keep clear of anything of that kind. I entirely agree with the remarks of the hon. member for Renfrew South that the matter is too important to be made subject to political considerations.

[Mr. Crerar.]

Mr. NEILL: With all that the minister has said as regards tuberculosis I quite agree, particularly with that portion of his remarks where he said that it is doubtful whether confining Indians to sanatoria or houses would be successful. I have seen Indians get better when they were living outside in quite insanitary conditions. The minister instanced, among the methods he proposed to adopt to remedy the situation as regards tuberculosis, that of education.

That brings me to what I intended to speak on, which is the need of rebuilding the Alberni Indian boarding school, which was burnt down two months ago. So far I have been unable to get any assurance from the Indian officials that they intend to rebuild it this year, nor do they seem to be seized with the importance and necessity of doing so. This school has been in operation to my knowledge for some forty-five years, and it has been doing excellent work. At the time of the fire there were 125 children actually in the school, and about a hundred awaiting admittance, too young at this time, but who would be coming along in the course of a year or two. The school was filled to capacity, and there was no need to canvass for pupils because the parents were fully aware of the importance of giving their children education. Many of them are fishermen, and their education in the school had made it possible for them to hold positions as captains and engineers in seine boats and to be employed as fish buyers and in situations of that character. They mingled with the white population probably as much as the Indians anywhere in Canada, and it would be a calamity indeed if they were stopped getting their education. The principal of the school, in writing to me, states:

> The health of the children, too, is bound up with the residential school. To not build will mean that many more will go down with T.B. and other diseases. They will become a greater menace to the community and a greater burden on the department.

There is one phase that the gentleman I have been quoting has not touched upon, and that is the fact that this is an obligation on our part. We are not doing this for the Indians out of kindness or charity, but in fulfilment of a written pledge given to them. We made a treaty with them, one of the terms of which was that we would provide them with educational facilities, with medical treatment and so on. It is not a question of whether we will give them a handout or not; it is a question of whether or not we will hold to the bargain we legally and lawfully made with these people whom we superseded in the possession of this country. Of course I will

be told, "Oh, we cannot do it just now, but maybe we can do it next year." That means that for eighteen months these children will be without education.

I have heard the suggestion that there is another way of handling the matter: We will start a day school. The official who suggests that is only showing his ignorance of the conditions out there. A day school on the west coast of Vancouver island is absolutely useless; it is just a waste of public money. I know, because I was Indian agent there ten years and I saw the situation. I saw the growth of the boarding schools into which the children were put for a fixed term of years, and which turned out educated young men and women. I remember a day school where I used to go and inspect. Children had been officially ostensibly there for two and three and five years and they did not know the elements of anything; they did not know what A or B stood for; and the reason was that these people were transients; they migrated around according to the season of the year and the supply of fish and so on, and therefore they would leave the school and go to some place where there was not any day school. There was no discipline, no attempt to enforce going to school. I have gone to a parent and said, "Now you ought to send your child, your boy, to school," and he would turn to the child and say, not "You have got to go," but "Do you want to go to school?" If the boy said he did not want to go, that would end it. You may say that you could start a day school at Alberni but that would only take care of the children in that vicinity. Out of 125 in the school perhaps 25 would come from the vicinity of Alberni; the rest would be drawn from a radius of fifty miles; and you cannot have day schools all over the country, and if you did, they would not be of any use for the reason I have stated.

Of course, I understand that the government do not insure their public buildings. In a sense they do, because they carry the risk themselves, as is probably quite proper with the large number of buildings they have. But if this school that was burned down had been a private man's building the foundations would have been laid already, because he would have had the insurance money ready at his hand and would have begun operations the day after the fire. It is the same way as regards the dominion government, because while they do not insure their buildings, they do in the general sense that they carry their whole insurance, and consequently the money should be available to rebuild the school.

I am not so sure that considerable blame is not to be attached to the department itself for this fire. I am told that the fire brigade went from the adjacent town and might have put out the fire, but they could not do so because there was only a small pipe connecting the river below with the building. A request was made some years ago from the Indian department for an adequate pipe so that water could be pumped from the river close by. If that had been supplied, as much water as was necessary could be pumped up; but the department was too cheap to authorize this small expenditure. So that from every point of view it appears to be up to the department to build this school during the summer months. If the money is not voted either here or in the supplementary estimates, it means that the school will not be built and occupiable until September or November of the next year, with the result that the children will lose eighteen months' schooling. What will they do in the meantime? Again I ask the minister to recognize the fact that this is not a question of a wharf somewhere regarding which the government could say that it had no money. I am asking the government to fulfil an obligation that rests upon the people of Canada. The school must be built some time, and it might as well be built now when it is needed. Why should these children lose a couple of years of schooling?

Mr. CRERAR: I am afraid I am not in a position to give any assurance to my hon. friend that this school will be rebuilt this year. As a matter of fact, there is no provision in the estimates for it. We have had requests for the building of at least four residential schools, but the fact is that the money is not available for that purpose this year. We will do the best we can in the circumstances to which the hon. gentleman has alluded. Some of these children have already been placed in the Ahousaht residential school; others have been placed in the Ucluelet day school, and some will be accommodated in the Cowichan agency. We will do the best we can to see that as far as possible these Indian children shall be enabled to go to school, but I am afraid that at the moment that is the best assurance I can give my hon. friend, much as I should like to meet his wishes.

As regards his general observations on day schools, in a great many instances these schools are being operated very successfully throughout Canada. I think perhaps there is some difference of opinion as to the relative merits of the day school and the residential school. Both have strong advocates. My own view of the question, so far as I have been able to study it, is that there are instances where the residential school will better serve the

needs of the Indian community than the day schools; but it is equally true that in other instances the day school gives better service. There is this advantage with the day school where it can be conducted successfully, that the children are in daily contact with their parents. This problem is being studied by the department. I confess it is a most difficult one to get at in all its bearings. This is the position we find ourselves in to-day. We have a limited amount of money to carry on the work in this whole Indian administration, and our endeavour therefore will be to do the best we can with the money at our disposal.

Mr. NEILL: With regard to day schools I was speaking of the particular area out there, and not of the question generally. Somewhere on the prairies, I concede, there may be conditions where the day school is satisfactory, but not in that west coast agency, in view of the migratory habits of the people. As regards the suggestion that it would be advantageous to have a day school because the children would be in contact with their parents, I point out on the contrary that one of the advantages of the boarding school is that the children are taken away from all daily contact with their parents. If you want the children of totally ignorant Indians to be properly educated, you must take them away from their parents and put them in a school where there is regular discipline, because the Indian has no idea at all of discipline. He simply says to his child, "What do you want to do?" Whatever the child wants is done, and there is no discipline of any sort. The officials of the department will not deny that the discipline of the boarding school produces far more satisfactory results among such people.

The minister says that the delay in building the school is due perhaps to a difference of opinion as to whether it should be a day school or a boarding school.

Mr. CRERAR: I was speaking of the general question.

Mr. NEILL: I am not discussing the question of day schools versus boarding schools generally; I am speaking of that particular place, and I defy the minister to mention any official out there with any knowledge of the situation who will not endorse the stand I have taken. It is all very well to say that we have not the money to do these things, but if we take that attitude, we are defaulting on our bargain. That is what it is. We talk of Alberta defaulting; we are defaulting on a bargain made long ago with ignorant savages who trusted in the word of the white man. Let us consider our own children. How would we like to have their schooling interrupted for eighteen months? Could not an arrangement be made to use one of the other buildings? When the old school was burned down, they carried on in tents during the summer. In any case the school has to be built and it might as well be built now.

Mr. NEEDHAM: Hon. members have been dealing with Indian affairs in a broad, general way, but I want to refer particularly to a local band. Before six o'clock I asked one or two questions regarding the financial accounting between the agent and the band under his supervision. I submit that there should be a form of accounting whereby the chief of the band can get from the agent a definite statement annually with regard to his band and each member of it. I think that should be done, but I do not believe it is done at the present time.

I have one or two further questions with regard to the local band. Sometimes there are matters of vital importance to the local band. Is it possible for the chief of the band or his councillors to communicate directly with the department at Ottawa in connection with any vital matter affecting the reserve? Would such a communication have to go through the agent?

Mr. CRERAR: Communication with the department at Ottawa is through the agent. If we adopted the practice of allowing every Indian in Canada and the chief of every tribe to communicate direct with the department, we should need to double the staff of the department to handle the correspondence.

As to the other question, there is no objection, and it is open to any chief or any member of a band to get information from the agent relative to the trust funds or the disposition that has been made of them. As I stated before six o'clock, no disposition can be made of the trust funds of a band except in certain cases without the joint consent of the Indian department and the band. That is the law. The chief or the councillors or any member of the band can get information through the agent. As far as the treaty money is concerned, that information also is available. That is governed by treaty and by statute. I presume my hon. friend is not alluding to the ordinary expenditure for education; that is, the money we are voting in this vote.

Mr. NEEDHAM: Is the agent expected to give to the chief information in his possession affecting the reserve or the band? Can he refuse to give the information?

Mr. CRERAR: Yes; it depends on what information is desired. I can assure my hon. friend that any information which the Indians of a band desire in respect to the disposal of their trust funds, or any part of them, can be secured through the agent.

Mr. NEEDHAM: I could go into a matter, but perhaps I will take it up with the minister personally.

Mr. CRERAR: That will be all right.

Mr. PERLEY (Qu'Appelle): Four or five members have monopolized most of the time this evening. I think we should have a three minute rule.

Mr. BARBER: What about wheat?

Mr. PERLEY (Qu'Appelle): I am particularly interested in the work the department is doing in trying to stamp out tuberculosis among Indians, particularly as the minister is well aware that since we met here last year a splendid hospital has been opened at Fort Qu'Appelle. I played some small part in having that hospital built, after representations made to the government by Doctor Ferguson, who has been so well spoken of to-night, and Doctor Symes, who is carrying on very splendid research work among the Indians. Representations were made by these men to me and I was able to persuade the department to build a hospital at that site. It is right near the sanatorium at Fort San. I think the committee would be interested in a brief report from the minister as to the success met with at the hospital in the few months it has been open. I think there are about one hundred beds. If we could have some statement as to the number of patients and the medical service it would be of interest.

Then there is the matter of general hospitalization. Much has been said with respect to medical service other than for tuberculosis to the Indians in the different reserves, but I am not going to take the time of the committee on that to-night.

Mr. CRERAR: I am not in a position to give any special report on the very excellent hospital at Fort Qu'Appelle. My officers advise me that it is operating successfully and doing real service to the Indians in that community.

Mr. PERLEY (Qu'Appelle): Does it not serve the whole province? I think it does, for special cases.

Mr. CRERAR: Probably that is correct. I regret that I am not in a position to give a special report as to the patients treated or their diseases, but I shall be glad to supply my hon. friend with any particular information he may desire regarding that hospital.

Item agreed to.

To assist in provision of transportation facilities into mining areas, $1,400,000.

Mr. STEWART: How is it proposed to spend this money?

Mr. CRERAR: Hon. members will remember that we had in the estimates a year ago a vote of $1,500,000 for aid in providing transportation facilities into mining areas. The vote this year is $1,000,000. The $400,000 is a re-vote carried forward from the appropriation of last year. Owing to the fact that the session last year did not close until the end of June, the programs of work which had been mapped out were not completely carried through. The vote as made a year ago was for help in providing transportation into mining areas. Many of these mining areas are remote from the railway. If I may venture to say so, I think that that expenditure was one of the wisest that we made last year, having in mind the development of new wealth for the country. The work is done in cooperation with the provinces in each case, the province putting up one third as against our two thirds. The projects are agreed upon by the Department of Mines of the various provinces and the federal department. We supervise the expenditure in this sense, that we have the right to inspect the work as it is progressing.

Mr. STIRLING: Would the minister tell us whether the construction of the west leg of the Big Bend highway comes out of this vote?

Mr. CRERAR: That comes under the surveys and engineering vote.

Mr. STIRLING: The Golden-Revelstoke highway is on the east side: I am asking in connection with the west side.

Mr. CRERAR: Both are under the surveys and engineering vote, which will come up presently.

Item agreed to.

National parks: construction, improvement and repair of roads, $490,000.

To assist in the development of the Canadian section of the international peace garden, Manitoba, $10,000.

Mr. CRERAR: Before the six o'clock adjournment my right hon. friend (Mr. Bennett) asked for some information with respect to the oil supplied for the roads in the parks. I find that the price quoted by the

British American Oil Company of Toronto, f.o.b. Banff, was 10·66 cents per gallon. The Union Oil Company of Banff quoted 11·76 cents per gallon, and the quotation of the Brewster Transport Company was 9·71 cents per gallon. I can give the figures for each of the parks in the west, if my right hon. friend desires it.

Mr. BENNETT: Perhaps the minister might put them on Hansard.

Mr. CRERAR: I can put them on Hansard, if it is agreeable to the committee.

Some hon. MEMBERS: Carried.

Mr. CRERAR: The figures are as follows:

Quotations Received:	British American Oil Co., Toronto cents gl.	Union Oil Company, Banff cents gl.	Brewster Transport Company, Banff cents gl.
Banff Park—			
F.o.b. prices to:			
Banff	10·66	11·76	9·71
Castle	10·76	14·88	9·91
Temple	10·91	14·80	10·01
Lake Louise	10·91	14·64	10·01
(185,000 gals.)			
Yoho Park—			
F.o.b. prices to:			
Yoho Siding	10·91	14·48	10·06
Field	10·91	14·48	10·06
Leanchoil	11·06	14·16	10·21
(56,000 gals.)			
Kootenay Park—			
F.o.b. prices to:			
Radium, B.C.	11·66	14·80	10·71
Castle, Alta.	10·76	14·88	9·91
(85,000 gals.)			
Waterton Lakes Park—			
F.o.b. prices to:			
Cardston	10·91	17·36	10·06
(61,000 gals.)			
Riding Mountain Park—			
F.o.b. prices to:			
Erickson	11·21	....	10·36
(36,000 gals.)			
Jasper Park—			
F.o.b. prices to:			
Jasper	13·01	14·64	12·15
(41,000 gals.)			
Prince Albert Park (barrel lots)—			
F.o.b. prices to:			
Prince Albert	13·25	....	12·60
L.C.L.	16·05	....	15·64
(13,000 gals.)			
Elk Island Park—			
F.o.b. prices to:			
Lamont	13·575	....	13·95
L.C.L.	....	....	17·11
(3,000 gals.)			

Item agreed to.

Roads—construction, improvement and repairs of Golden-Revelstoke highway and improvements to main tourist routes from the international boundary to Banff, Yoho and Kootenay parks, $600,000.

Mr. BENNETT: Will this highway be nearly completed this year?

Mr. CRERAR: We would like to have the Big Bend road completed next year, but it is doubtful if this can be done.

Mr. BENNETT: What about the road from the boundary up to the parks?

[Mr. Crerar.]

Mr. CRERAR: That is being proceeded with this year. Out of this vote we expect to appropriate $200,000 for that purpose, and an equal amount will be paid by the province of British Columbia. It will not complete the road to Radium Hot Springs; something will be left to be done the following year, but substantial progress is being made with this road. For the benefit of my right hon. friend, who represents an Alberta seat, I may say that we hope to spend, together with the Alberta government, a substantial sum on hard surfacing the road between Calgary and Waterton Lakes National park.

Mr. BENNETT: Has the location of the road to Radium Hot Springs been settled?

Mr. CRERAR: The final location has not been settled yet. The British Columbia government are making a survey on both sides of Windermere lake with a view to obtaining information as to relative costs. As far as the department here is concerned, we want the road built where the expenditure will be the least, because our main purpose is to get tourists through to the park.

Mr. BENNETT: Does the department supply the hard surfacing?

Mr. CRERAR: The work is done by the highways department of the province of British Columbia under agreement between the Department of Mines and Resources here and the British Columbia government. Of course, we have the right to inspect the work as it progresses in order to see that it is carried out in accordance with the agreement.

Mr. STIRLING: If all that comes out of this $600,000, it seems to me there will not be much left for the west side of the Big Bend road.

Mr. CRERAR: At the moment I cannot tell my hon. friend what will be the expenditure on the west leg of that road. There will be a total of about $325,000 spent on the road from Golden to Revelstoke, but part of that expenditure is for a section between Golden and Donald. I have forgotten the exact distance, but it is some six or seven miles. Then there is the maintenance of the east leg, together with some minor improvements to it. I should think probably $200,000 or $250,000 will be spent on the west leg, although I cannot give that as a definite figure.

Item agreed to.

DEPARTMENT OF TRANSPORT

Amount to be applied by the Board of Railway Commissioners for Canada towards the cost of actual construction work for the protection, safety and convenience of the public in respect of highway crossings of railways, as the governor in council may from time to time determine, $2,500,000.

Mr. BENNETT: Is this subject to the same general rules with respect to subways as heretofore?

Mr. HOWE: Yes; this represents an accumulation of the moneys voted, but not expended.

Item agreed to.

Marine Service—River St. Lawrence ship channel dredging:

(a) To provide for contract dredging in St. Lawrence river and Montreal harbour, $2,000,000.

(b) To provide for the maintenance and operation of the government ship channel fleet and the government shipyard while engaged in the deepening and improvement of the ship channel, including all necessary repairs and reconditioning, $700,000.

Mr. HOWE: Mr. Chairman, I should like to revert to this item 72, to deal with a matter which I overlooked when the item was passed previously. The item was divided, and provides $2,000,000 for dredging in the St. Lawrence river and $700,000 for dredging by our own fleet. I shall ask my colleague to move an amendment which will have the effect of consolidating these two items into one item, to permit the $700,000 to be expended either on our own fleet or on contract. We have some plans in mind which may make the change desirable.

Mr. MACKENZIE (Vancouver): I move accordingly.

Mr. BENNETT: In that event would the government's fleet not be used at all?

Mr. HOWE: It means that we are consolidating the two items, and the wording will be such that we can do it with our own fleet, or otherwise.

Amendment agreed to.

Item as amended agreed to.

Air service—civil aviation—construction of airways, airports and radio stations, further amount required, $915,000.

Mr. BENNETT: What is the breakdown of this item?

Mr. DUNNING: It was given when we discussed the main estimates.

Item agreed to.

Civil aviation—to provide for contributions to assist municipalities on the trans-Canada airway to improve existing airports or provide new airports, $500,000.

Mr. BENNETT: Can the minister say where that is to be spent?

Mr. HOWE: There is this situation along the line of the Trans-Canada airways, that a number of cities have expended considerable sums in the building of airports. To permit the use of modern equipment many of these airports will have to be extended and enlarged. In many cases the cities are not in a

position to do the work, and provision has been made whereby the government may spend on a municipal airport up to one-third of the expenditure made by the city.

Mr. BENNETT: Heretofore made.

Mr. HOWE: Yes, heretofore made, or to be made.

Mr. BENNETT: Has the minister the names of the towns?

Mr. HOWE: No, but we know that Winnipeg requires one, and Lethbridge. There may be a small extension at Regina, also at Vancouver.

Mr. BENNETT: What about unfortunate Calgary?

Mr. HOWE: I think Calgary is also included. Upon a survey, this is the amount which we believe will be required.

Item agreed to.

To provide for the suppression of local electrical interferences and for the issue of radio receiving licences, further amount required, $15,000.

Mr. BENNETT: Under whose direction is the expenditure to be made?

Mr. HOWE: Under the direction of Commander Edwards, head of the radio telegraph branch.

Mr. BENNETT: Under the government's own direction?

Mr. HOWE: Yes, it is to provide radio cars to trace down interference. We hope to put one in the Fraser valley, and in one other area which is not properly covered.

Item agreed to.

To provide for the settlement of the claim of the Hydro-Electric Power Commission of Ontario for power supplied to the Port Colborne elevator, $200,000.

Mr. HOWE: Perhaps an explanation is required.

Mr. BENNETT: Yes.

Mr. HOWE: I believe for the past five years there has been a dispute between the government of Ontario and the federal government with respect to various transactions between the two; that is with respect to power used at DeCew Falls and on the Trent canal, which we sell to the Ontario Hydro-Electric Power Commission, and on their part with respect to power supplied to us for the operation of the Port Colborne elevator. A general settlement has been worked out whereby they pay our bills in full up-to-date in settlement for power required, and we have paid an increased price for power at Port Colborne. It is what you might call a non-cash item. It is a deduction which we make from our total bill. That is, it is $200,000 applied for power for the Port Colborne elevator, which goes back over twenty years. This was on old contract made in the days of the Niagara Power Company, which was acquired by the Hydro-Electric. The hydro ordered discontinuance of the contract, and we have refused to pay more than one-half cent per kilowatt as provided under the old contract. This adjusts the situation, and we have now provided that a new contract shall be made also on the basis of one-half cent per kilowatt.

Mr. BENNETT: The minister knows, of course, that successive governments have denied liability in the matter. This adjustment is in the face of the fact that there was constant denial of responsibility. As I understand it, this does not contemplate the payment of actual money. These are bookkeeping entries, and the appropriation is made for the purpose of enabling adjustment to be made on the basis indicated.

Mr. HOWE: That is correct. I may say that we are at a disadvantage; their bills run up faster than ours.

Mr. BENNETT: The liability for one was denied, and admitted for the other.

Item agreed to.

National harbours board—Saint John harbour improvements—reconstruction of berths 1, 2, 3 and 4, $693,536.

Mr. BENNETT: As I understand it, the minister tabled a report the other day which contains the details of the estimates made so far.

Mr. HOWE: Quite.

Mr. BENNETT: I suppose we may look forward to a complete report giving in detail the receipts and expenditures at the different ports.

Mr. HOWE: These are capital improvements. I may say to my right hon. friend that in connection with the harbours board we have adopted the practice of the Canadian National Railways.

Mr. BENNETT: I hope that does not mean the writing down of the assets.

Mr. HOWE: Our fiscal year will end December 31, so the report covers the calendar year.

Item agreed to.

Chicoutimi harbour improvements—improvement of roadways, $17,000.

Mr. BENNETT: Without wanting to trespass upon the time of the committee, it must be apparent that the expenditures in connection with some of these harbours are not justified or warranted. I am hopeful that the minister is exercising the power which is now vested in him to see that notwithstanding the tremendous pressure that may be brought to bear, these expenditures are within reason.

Mr. HOWE. The expenditure in connection with the Saint John harbour is a continuation of a contract. As a matter of fact, all the items down to 328 cover the completion of contracts initiated under the public works construction acts. No new project will be started unless we are assured that it is justified.

Item agreed to.

Canadian National Railway Company—

Amount not exceeding $35,000,000 to be paid from time to time, under such conditions as the Minister of Finance may prescribe, to the Canadian National Railway Company (hereinafter called "the National Company") and to be applied by the National Company in payment of the net income deficits arising in the calendar year 1937, including such supplementary contribution to the Intercolonial and Prince Edward Island Railways Employees' Provident Fund as may be necessary to provide for payment in full of monthly allowances under the provisions of the Intercolonial and Prince Edward Island Railways Employees' Provident Fund Act, notwithstanding the limitation contained in section four of the said act, and including such supplementary contribution to the Grand Trunk Railway of Canada Superannuation and Provident Fund as may be necessary to enable payment to be made of monthly allowances under the rules and regulations of the fund, notwithstanding the limitation contained in section thirteen of chapter sixty-five of the Statutes of Canada, 1874, and including profit and loss but not inculding non-cash items and interest on dominion government advances, of the National Company or of any other or others of the companies comprised in the Canadian National Railways (as defined in chapter 10 of the Statutes of Canada, 1929) or any company controlled by stock ownership or otherwise by any company comprised in the Canadian National Railways or by the National Company in respect of any of the Canadian government railways entrusted to the National Company, $35,000,000.

Mr. BENNETT: This item has been before the committee and reported upon?

Mr. DUNNING: Yes, and the same applies to the following item.

Item agreed to.

National Harbours Board—

To provide for payment, to national harbours board, of the amounts hereinafter set forth, to be applied in payment of the deficits (after payment of interest due the public but exclusive of interest on dominion government advances and depreciation) arising in the calendar year 1937, in the operations of the following harbours—

Halifax, $24,042.
Saint John, $17,964.
Quebec, $174,610.
Churchill, $242,000.

Mr. PERLEY (Qu'Appelle): The minister promised the other day that he would give the committee some information with respect to temporary and seasonal employment at Churchill. I asked for a return giving the number of men employed during the season of 1936, which I have in my hand. In reviewing this I notice that some 250 men were employed during 1936, 120 of whom came from Le Pas and Swan River, and some 30 odd from Port Arthur. This is a considerable number to come from two constituencies. In previous years certain western members were allotted positions for 10 or 15 men. Representations were made to me last spring by a number of men who wanted to get into Churchill, but any representations I made did not get very far. Possibly I did not expect that they would. I think some explanation should be given with respect to this matter. I suggest that the minister should give consideration to constituencies in the province of Saskatchewan as Churchill is more or less a western project. I would be more than pleased if he would take 10 to 15 men from my constituency, and I know other western members who feel the same way. In this return one page is taken up listing the men from Port Arthur, and another page listing those from Le Pas.

Mr. HOWE: This project has been in the process of changing from a construction project to a purely operating project and each year the staff is getting fewer. For the current year the total operating staff will be about 105 men, or about half the number employed last year. During the short time I have been the head of this department my experience has been fairly wide, and I find that it is very seldom hon. members will permit operating men to come in from another constituency. Perhaps the hon. member for Churchill (Mr. Crerar) will take a different view of it. The hon. member refers to the large number of men brought in from Port Arthur. Any elevator project usually requires to call on the head of the lakes for skilled operators, that being the largest elevator centre in Canada. I think if the hon. member looks back over a number of years he will find that each year about the same number of skilled operators have been drawn from the head of the lakes.

Mr. PERLEY (Qu'Appelle): I checked that with other years and I found that only a few were taken from the head of the lakes.

Item agreed to.

DEPARTMENT OF AGRICULTURE

Agriculture—Dairying, $290,000.

Mr. GARDINER: When this item was up before, it was discussed at some considerable length. The discussion covers two pages of Hansard starting at page 408. It was found necessary to adjourn that evening because of the death of Mr. Marcil.

Mr. TOLMIE: I wish to say a few words in explanation of some points which our British Columbia dairymen would like me to bring to the attention of the Minister of Agriculture; I refer to the matter of improving the quality of our commercial cow. The cow that occupies a position in a dairy has to pay her way, and to be good enough to do that she must produce sufficient milk beyond her maintenance ration to give the farmer a reasonable profit. This dairying business is a 365-day job. Cows must be attended to twice a day during the whole year, and unless the cow is of such a nature that she will produce a profit for the dairyman, then of course she is no use to him. I do not know anything more hopeless than attempting to dairy with cattle of poor quality. There is a way of finding out which is a good cow and which is a poor one; it is a matter of testing, a practice which has been followed since the end of last century in Denmark and many other countries in Europe, and on this American continent to a considerable extent; in fact to-day cows from the cow testing associations of Denmark amount to over 38 per cent of the dairy cows of that country, with the result that they have vastly increased their product of butterfat per cow.

The dairyman having a herd of that kind, where cow testing is under way and is followed in the dairy, is enabled in the first place to improve his whole dairy by the elimination of the poor cows. He is enabled to select those cows that are sufficient producers to merit being placed in the breeding list so that he can produce more animals. Having reached that point, how is that man to carry on the gradual improvement of his herd? The only way to do it is by the introduction of good blood which will have to be selected from one of the pure bred herds in this country, and I think in Canada only a small number of our pure bred registered herd are under continual test. In Denmark it has been found necessary, so that these farmers can select proper sires to improve their herds, to maintain their pure bred herds under test for the whole year; and it is strongly urged by dairymen in our country that this practice be seriously studied with a view of introducing it in Canada. They also desire to see the cow testing associations, which are now under the provincial government, taken hold of by the federal government either by controlling them completely or in such a way as to stimulate them and make them render better service to the herds of the country.

They also insist: (1) that all breeders selling registered stock should maintain their entire herds perpetually on record; (2) they say that the slackness of qualifications demanded for the record of performance bulls is very marked and that some better method should be devised in this particular connection; (3) in the same way the slackness of qualification demanded for the record of bulls of advanced registration should be stressed; (4) it is felt by some of our prominent breeders that the sellers of registered stock should afford ample proof of the quality of their stock; (5) another matter that is strongly stressed is that owing to the great value of cow testing of our commercial dairy herds this should be made a national undertaking for the improvement of the average cow of the country, and should be supported by continued propaganda and efficient regulation.

Item agreed to.

Live stock, including assistance to fairs and exhibitions, $1,540,000.

Mr. GARDINER: I might say that the remarks just made by the hon. member for Victoria (Mr. Tolmie) related really to live stock. It is under this heading that practically all of the work is done which he referred to.

Mr. TOLMIE: I will not say it again.

Mr. BARBER: There is just the question of fairs. When we were discussing these items before, did the minister tell us anything about the regional fairs, and whether they are to be continued under the same policy as last year? The minister will recall that a year ago he told us that he was going to review the whole situation.

Mr. BENNETT: As between class A and other fairs.

Mr. BARBER: As between A and B fairs.

Mr. GARDINER: The grants are being made on the same basis as last year, $4,000 to A fairs and $2,500 to B fairs. We are still continuing a review of the situation in an attempt to bring the provinces to recognize

some national system of taking care of the giving of grants that may be applied all across the country.

Mr. BENNETT: In the meantime the grants will be the same as last year?

Mr. GARDINER: Yes.

Mr. BARBER: And the same with regard to regional fairs?

Mr. GARDINER: Yes; B and A are the two to which we give grants, and also the larger fairs like Toronto, the Royal and other winter fairs.

Mr. STIRLING: Those that were known as regional last year are being carried on in the same way?

Mr. GARDINER: Yes. They are all in the class B fairs.

Item agreed to.

Experimental farms, including investigations concerning plant diseases, $2,025,000.

Mr. COLDWELL: On the item "experimental farms" I asked the minister last year about the wages at experimental farms. He said he would look into the matter. Has anything been done for the married men on these farms?

Mr. GARDINER: Yes. There was an increase. I think the increase at Indian Head was about four cents an hour.

Item agreed to.

Health of animals, administration of Animal Contagious Diseases Act and Meat and Canned Foods Act, $1,819,700.

Mr. GARDINER: The health of animals item was previously discussed and was just about ready to be carried. There were five or six pages of discussion of this earlier in the session.

Mr. TOLMIE: Just a minute. With regard to agriculture generally, I should like to ask the minister if there is any comparison between the wages paid to the very efficient men who comprise the Department of Agriculture and the salaries paid to other departmental officials. How does this department compare with the salaries paid in other departments? We have here a group of men who are carrying on a very important work. There is none more important anywhere in Canada than that which is being done by the Department of Agriculture, and it is done by men of very high qualifications. Our experimental farm system is one of the best to be found anywhere in the world. The splendid work which is being done by another official in rust investigation will also be worth a great deal to the country. In my opinion the only way to maintain this department at a high standard is to pay good salaries and secure the very best men available. Has any such comparison been made?

Mr. GARDINER: That matter is at the present time before the civil service commission in connection with the reorganization of the department, and we are having a reclassification made throughout. I may say that we think that our service is the lowest paid in the government as compared with other departments, but that may not be agreed upon generally.

Mr. COLDWELL: I was glad to hear the minister say that. May I just draw to his attention that a number of graduates of our universities are working under this department at least partly, as student labourers, and have been doing so for some years. I draw that to his attention so that it may be considered.

Mr. TOLMIE: With regard to this particular health of animals branch, I think the minister and the Dominion of Canada are to be congratulated on the fact that the health of animals in this country, as far as contagious diseases are concerned, is better than that of any other country in the world. This fact has a great deal to do in giving our cattle and other live stock access to many of the markets to which we should not have had entry if conditions were otherwise. The health of animals branch has rendered great service in the past. It should be jealously guarded at the present time and maintained at a high standard. In this connection the minister mentioned a moment ago a reorganization. This high achievement on the part of our health of animals branch has been made possible because we have kept at the head of it men who thoroughly understand their business—Doctors Rutherford, McEachren, Torrance, and at the present time Doctor Hilton. They are doing good work, and I think it would be a very dangerous precedent to disturb them at all in their present activities. What they have done in connection with tuberculosis, hog cholera, and many other contagious diseases is pretty well known in the country.

I understand that a number of junior veterinary inspectors were taken on in 1935, and that their initial salary was reduced by about $300 to $1,620 per annum. This is a matter of some importance. If we are to get our best young men to take an interest in this profession and in the preservation of live stock, we must hold out some encouragement

to those who are fully qualified. Any young man leaving school and contemplating a professional career will take into consideration the prospects ahead of him. These men have been cut down, but I understand that they are to be given an increase in the near future. About fifty-six men were affected. When may they expect the increase?

Mr. GARDINER: They are on the same basis as professional men entering the service in all other branches. They are being considered under the reclassification.

Mr. TOLMIE: I am glad to hear that, because that is the surest way of maintaining the very high standard that has prevailed in the past.

Mr. HARTIGAN: I have nothing personal against any of the experts in the department, but the people of Canada are paying them a good deal for their services, and if they are efficient they ought to be able to give us some definite information in regard to diseases among animals—and here I am speaking of hogs. The people of the province I come from would like to know if our bacteriologists and pathologists are as efficient as we are given to understand, why it is that they cannot tell us something about hogs. What is wrong with Danish hogs that they cannot be shipped to this country? There must be a reason. Why is the Department of Agriculture loath to distribute among the farmers of Canada a type of hog which is so valuable? The Danish hog raisers supply the British market. The British people are just as conservative as we are and are not going to use pork products produced from animals that are subject to foot and mouth disease, hog cholera, or any other disease. Why is it, therefore, that the pathologists of our health of animals branch are so reluctant to pass these hogs and allow us to import them? An explanation ought to be given, and no offhand explanation will do.

Mr. GARDINER: The hogs we have at the farms are not Danish hogs; they are Swedish hogs. After the discussions of last session with regard to hogs I took the precaution this year to make very careful inquiries why there are no Danish hogs in Canada, and I find that there is a good and sufficient reason for it. All of the breeding stock in Denmark belongs to the cooperatives, and they absolutely refuse to sell any of it. They will not sell it to anyone in this country, the government or anyone else. They will sell hogs dead to persons who want to use them as bacon or pork, but they do not sell them for breeding purposes. This year we had a man in Denmark attempting to buy some, and that was the information we obtained. As regards the hogs we have here, they have been brought to the country and kept under quarantine for a considerable time. I do not think that the question confronting the departmental officials at the present time is whether hogs are diseased or not. Experiments are still being carried on with these hogs with a view to determining definitely whether they are an improvement on the York hog, which is now generally distributed throughout the country.

Mr. BENNETT: The Swedish hog.

Mr. GARDINER: Yes. As soon as we have advice from officials of the department that these hogs can be distributed to advantage in Canada they will be distributed, but up to the present time we have not been so advised.

Item agreed to.

Natural Products Marketing Act, 1934, $106,600.

Mr. STIRLING: Will the minister explain this item?

Mr. GARDINER: The $106,000 voted last year, and being asked for again this year, is for administration and the carrying on of schemes under the Natural Products Marketing Act. Some of these are still in operation. There are some expenses to be taken care of in connection with the operation of these schemes under the act, and for that reason we wish to have the vote continued.

Mr. BENNETT: Will this take care of the condition mentioned the other day by an hon. member, expenditures incurred in pursuance of the provisions of the acts, which had not been discharged when the legislation was declared ultra vires?

Mr. GARDINER: Yes, as soon as we get a decision of the Department of Justice on that question, those matters will be cleared up in accordance with the decision.

Item agreed to.

Contributions to empire bureaux—further amount required, $3,317.85.

Mr. HEAPS: What is this for?

Mr. GARDINER: It is the contribution to the empire bureaux for additional amounts over and above what was voted in the original estimate.

Item agreed to.

Marketing of agricultural products, including temporary appointments that may be required to be made notwithstanding anything contained in the Civil Service Act—further amount required, $100,000.

Mr. BENNETT: This is one item to which I think objection should be taken. This nullifies the effect of the Civil Service Act in connection with the expenditure of $100,000. Perhaps some explanation might be given.

Mr. GARDINER: The permanent appointments that will be made in connection with the marketing branch will be taken care of out of the general vote for the civil service. That vote was increased, I think, under another item for the purpose of providing for the reorganization, which will involve marketing. The appointments which will be made under this particular item will not involve this amount of money for appointments alone. Part of this amount is to take care of promotion and marketing. But in promoting marketing it will be necessary to appoint persons to go, say, to Chicago to examine into the marketing of cattle under the arrangement we have with the United States. These may not be permanent employees of the government; we may employ them for two or three months or even six months. The same thing might happen in connection with marketing stock and farm products in general in the old country. We may desire to send persons over there because of their special knowledge of bacon or tobacco or some other farm product, not intending to put them on the staff of the department or retain them in the government employ for any considerable time. After discussing the matter with the civil service commission, they did not feel that those officials could be properly looked after in the ordinary way under the Civil Service Act.

Mr. TUSTIN: I noticed in the press the other day a statement that the province of Ontario had set up a marketing act, also the province of Quebec, and that inspectors would be appointed and paid by the federal government.

Mr. GARDINER: Nova Scotia, New Brunswick, Quebec and Ontario I think have all passed special acts since the Natural Products Marketing Act was declared ultra vires, and are setting up officials to do the work that was to be done under the Natural Products Marketing Act.

Mr. BENNETT: We are not paying for it?

Mr. GARDINER: No.

Mr. TUSTIN: Are inspectors to be appointed and paid by the federal government to enforce those acts?

Mr. GARDINER: Much of the inspection has to do with the marketing of say dairy products, and that kind of thing, when they enter into international or interprovincial trade. Some of those inspectors are paid by us, though not necessarily out of this vote.

Item agreed to.

Agriculture—Assistance to the provinces for re-settlement, $300,000.

Mr. STIRLING: Will the minister explain what this means?

Mr. GARDINER: This is the vote which was previously in the Labour department amounting to some $600,000. It has been transferred to the Department of Agriculture because of our general rehabilitation work.

Mr. BENNETT: That is what was spoken of this afternoon.

Item agreed to.

Miscellaneous—To provide for expenditure due to the closing of unemployment relief projects, including salaries and allowances notwithstanding anything in the Civil Service Act, $35,000.

Mr. BENNETT: What is that for?

Mr. MACKENZIE (Vancouver): That is for the caretakers still employed in some of the camps.

Item agreed to.

Quebec

Harbours and Rivers,

Petite Riviere Est—construction of fishing harbour (under contract), $5,000.

Pointe Jaune—improvements to fishing harbour (under contract), $3,000.

Sorel—repairs and strengthening elevator wharf and dredging, $42,000.

Mr. BENNETT: There is a very objectionable feature in this item, but I shall not take time to discuss it now. I shall make a general statement: it should not pass.

Item agreed to.

To provide for expenses of the Royal Grain Inquiry Commission, including re-vote $50,000, $111,700.

Mr. EULER: I do not desire to delay my own estimate, but I should like to make one observation in regard to certain criticisms passed the other evening when this item was under discussion. Some criticism was made of the fees paid to Colonel Ralston, the counsel employed in connection with the work of the commission. I simply wish to say with regard to the fee that all the responsibility should be placed upon the government. Colonel Ralston accepted that position with reluctance, we pressed it upon him, and if there is any criticism to be made it should

be of the government itself. The fee he receives is the same as was paid in the customs investigation. It is only fair to him to say that, so there should be no prejudice created.

Mr. BENNETT: Some of them did not get $200 a day.

Mr. HEAPS: May I ask, are these the regular union wages?

Mr. PERLEY (Qu'Appelle): The report of the commission I understand will have to come to the government. Will it then be placed before parliament before any action is taken?

Mr. EULER: It will be placed before the government, and I presume if any action is to be taken it will probably require parliamentary approval.

Item agreed to.

To provide for expenses of the royal commission on the textile industry, $27,000.

Mr. BENNETT: Is this expected to be sufficient to discharge the whole balance?

Mr. DUNNING: Yes.

Item agreed to.

Temporary grants to provinces of Manitoba and Saskatchewan to enable said provinces to continue essential services pending improvement in crop conditions and pending report of royal commission to investigate financial powers and responsibilities of the dominion and the provinces; Manitoba, $750,000; Saskatchewan, $1,500,000.

Mr. BENNETT: I cannot permit this item to pass without making at least one observation. I am not going to do more than say that with respect to all these items we who constitute the official opposition have to balance the question of what we regard as the public interest in remaining here and discussing these items in detail against permitting the members of the government to discharge very onerous and difficult duties before they leave for overseas. But obviously the discrimination against the province of Alberta involved in this item is such that I cannot let it pass without protest.

On a review of the report made with respect to that province I find that it has been treated entirely differently from the provinces of Saskatchewan and Manitoba. When Alberta first made application for a loan to enable it to meet its obligations, the application was refused. As a result of that refusal, and the statement made subsequently, they cut down their interest payments to half. The report points out that if they had been in a position to discharge their obligations in that regard they would have been able, by securing money from the dominion, to be in exactly the same position as the other provinces of Saskatchewan and Manitoba. The report concludes in this way:

Its position would be little worse than that of Manitoba, but distinctly better than that of Saskatchewan; and a claim for assistance would, no doubt, be considered in the light of these facts. It is the case, however, that Alberta's budgetary position differs materially from that of the other provinces, by reason of the fact that interest payments have been reduced by fifty per cent, or $3,400,000, and, other things being equal, its cash requirements have been reduced by the same amount. We can only deal with the situation as it is—not as it might have been in other circumstances. We find that Alberta can maintain its governmental services on as favourable a basis as Manitoba or Saskatchewan without receipt of additional assistance, and we therefore see no basis for recommending that temporary financial aid should be extended by the dominion government.

Preceding that, the report states:

Our recommendation of dominion government assistance in the cases of Manitoba and Saskatchewan was based on urgent needs of those provinces for cash during the time required for the examination which will be conducted by the royal commission. If Alberta were now paying full interest on its obligations, the province in 1937-38 would presumably have to borrow its full share of unemployment relief from the dominion, and on the basis of budgetary estimates (not including debt retirement) would have had a cash shortage of about $600,000.

Then follows what I first read, and that condition exists because the government of this country declined to make an advance to that province which would have enabled it to meet its obligations. The minister may shake his head as much as he likes; it does not have any effect on my mind. I have read this report. Because of this refusal; because Alberta did not join the loan council; because it took the action it did, we find it treated differently from Saskatchewan, which was able to secure $3,000,000 from the Bank of Canada. Under the law that bank could no longer continue to loan that money, so it was compelled to purchase bonds of the Saskatchewan government, and to that extent it has made an investment in a bankrupt province, admitted by the bank to be such. Alberta has been unable to secure money from the bank or from the dominion; it has been denied any assistance, and as a result the bondholders have been compelled to take fifty cents on the dollar, while we are voting money to enable the other provinces to pay one hundred cents on the dollar in connection with their bonds.

I say that is a distinct discrimination; it is unfair to the people of Alberta who hold

these securities, because that province did pay the whole interest on the bonds of the Alberta and Great Waterways railway, as is pointed out in the report; but now, by reason of the action of this dominion, that province finds itself in a position in which it must pay only fifty cents on the dollar to people who have put their whole savings in its bonds.

Yet we find Saskatchewan and Manitoba now being given grants by the parliament of Canada to enable their bond interest to be paid in full. By the action of the government and the Bank of Canada the province of Saskatchewan has been able to secure not only the borrowings it has obtained but an additional $3,000,000 from the bank, to which it had no right, and the province of Manitoba is being granted $1,500,000. I say that is distinctly wrong, and I should like to spend some time in analysing this report and going into these matters in detail. I must content myself, however, with merely making the observation, with which the minister, as he pointed out the other day, entirely disagrees. But the fact is that the province of Alberta applied for the money and its application was refused. As a result it is in its present condition. The minister says it is not as a result of that; but that statement is not borne out by the records that appear in the report.

I should add just one further word. A number of these items are in the same position. Those of us wno feel, as every member of the house must, a sense of responsibility in connection with the voting of public moneys, have to choose between two alternatives. On the one hand we could take a very long time to elicit facts, conditions and circumstances connected with past expenditures upon which are based the estimates for another year. That would necessitate the ministers remaining in the house for perhaps another week, they having, as I have said, very great responsibilities elsewhere to be discharged, correspondence to be cleared up, and so on. We have concluded to make this statement, that by the acceptance of these items as we are accepting them to-night, without lengthy and detailed discussion, we are not in any sense placing ourselves in a position where it might be said when we discuss these matters on another occasion: Oh, you agreed to these items without further discussion or examination. We must preserve our rights in that regard by making the statement that our action in permitting many of these items to pass without lengthy discussion, though most of them have been discussed to some degree, is not to be taken as an acquiescence in or as an agreement with the principles upon which some at least of them have been framed. We reserve our right to discuss the principles on which the appropriations have been made when estimates are before the house for similar services in another year. I think I should make that statement in fairness to those of us who have endeavoured to expedite the public business, believing that on balance it is more in the interests of Canada as a whole that this should be done, with the checks and balances that are provided under the constitution through the auditor general and otherwise, than that we should detain the house longer for the purpose of discussing in detail what in any event would become a part of the supply bill.

Mr. BLACKMORE: Would it be out of order to ask that this item be held over until to-morrow? I have some observations to make which I believe hon. members should hear. I think perhaps I shall take more than twenty minutes to make them, so I should be glad if the committee would allow this item to stand. If that is not agreeable, however, I shall have to make my statement now.

Mr. BENNETT: There are two other occasions on which the hon. member can make his observations, if he so desires; one is on the second reading of the supply bill and the other is when the bill is in committee.

Mr. DUNNING: I shall be glad to meet the convenience of hon. members in every way they desire. Obviously I desire to say something myself in reply to the leader of the opposition, as he can well understand, while appreciating, in the need for making progress, the cooperation we have received both from the leader of the opposition and the leader of the Social Credit group. If it meets the convenience of these gentlemen to discuss the matter now, I am ready to discuss it. If, on the other hand, opportunity is to be taken with the Speaker in the chair on the second reading of the supply bill, which I presume will be to-morrow, that would be satisfactory.

Mr. BENNETT: The bill will be in committee, too.

Mr. DUNNING: It will be in committee and this item with many others will be in the schedule. It will be perfectly competent to discuss it on that occasion.

Mr. PELLETIER: So long as it is understood that we will have an opportunity to discuss it to-morrow.

Mr. DUNNING: All right.

Item agreed to.

Grant to the Canadian Red Cross Society, further amount $1,900.

Mr. BENNETT: I should like to say one word indicating the extent to which the people in the western provinces have appreciated the services of this society. I believe the vote might well have been warranted had it involved a much larger sum, in view of the type of service which has been extended by the Red Cross, which, after all, is its obligation under the terms of the peace treaty, it being mentioned in the peace treaty as the medium through which the services contemplated by that document will be carried into effect.

Mr. DUNNING: I do not think the item should be allowed to pass without the committee being advised of the very great, useful and humanitarian work which the Canadian Red Cross did this year in connection with the drought areas in western Canada. The Red Cross took over voluntarily and readily a very difficult portion of the relief work, a portion which I venture to say governmental agencies could not have handled satisfactorily, certainly not as competently or economically. I believe some $370,000 were collected either in kind or in cash from the people of Canada, and distributed through the Canadian Red Cross in the form of clothing and other essentials which could not readily be dealt with under standardized relief measures.

This $1,900 brings the Red Cross grant up to the $10,000 at which for a number of years it stood. I wish to pay my tribute to the very valuable national service rendered by the Red Cross in the dire distress suffered by western Canada.

Item agreed to.

To provide for payment to C. P. Blair, formerly Assistant Commissioner of Customs, compensation for services in connection with the revision of the Customs Act, in the event of same being required, $2,500.

Mr. MACKENZIE KING: I understand the hon. member for Parkdale has a question he wishes to ask on this item. It is understood that it may be asked either on the orders of the day to-morrow or on the bill.

Item agreed to.

DEPARTMENT OF FISHERIES

To aid in the re-establishment and re-organization of what are known as the Dried and Pickled Fish branches of the fishing industry of the Atlantic coast, which, owing to world economic conditions, have become acutely depressed, with a view to the rehabilitation of those engaging therein; by granting assistance in processing, storing and marketing; by efforts to expand the demand for the products of the industry; by assisting in the provision of transportation facilities on portions of the coast where these are inadequate; all under conditions to be approved by the Governor in Council, $500,000.

Mr. BROOKS: How much of this item will be spent in each province?

Mr. MICHAUD: That is difficult to state in advance. It will depend to what extent there will be compliance with the provisions and regulations being made. This is not for the purpose of giving out subsidies or grants to any particular individual. but rather for the purpose of helping the industry, in so far as those who are already in the industry are willing and ready to comply with the regulations and the terms set out by the government and the department in order to qualify for the subsidy.

Mr. BROOKS: Did the request for the item come from any one particular province, for instance Nova Scotia, or has it come from the maritimes in general? I understand there has been a special request recently from the province of Nova Scotia, for reasons which I think are quite well understood.

Mr. MICHAUD: I believe the hon. member is a little too apprehensive. Although the amount is not as large as is required or as large as the department would like to have it—

Mr. BENNETT: Oh no, surely not the department!

Mr. MICHAUD: It is for the purpose of further implementing the recommendations made by the various boards of inquiry appointed by various governments in the last fifteen years.

Mr. BENNETT: Make it fifty.

Mr. MICHAUD: Yes, I should say fifty. I have the reports and recommendations of boards of inquiry such as the Maclean commission, the price spreads commission, and the economic inquiry in Nova Scotia. Then there was the report of a firm appointed in 1932 by the previous government to make an inquiry and report. I must say we cannot carry out all the recommendations, with the small amount placed at our disposal, but we will continue further to develop our fisheries policy.

Mr. BROOKS. I had intended to say something on the item, but I do not want to prolong the debate. I should like to ask the minister if bait freezers are to be included, and whether one will be estabilshed at Caraquet, or at some other point in the county of Gloucester, New Brunswick?

Mr. MICHAUD: Yes, under this item. Two commissions recommended that the government help the fishermen by providing more bait and better bait, and it is possible to do so under the item.

Mr. BENNETT: I am sure the frankness of the minister must commend itself to the committee. My own hope is that the bait may not be found as satisfactory as expected. What did strike me as an amazing thing is that the item provides also for transportation facilities—and all under conditions to be approved by the governor in council. Surely this government is not contemplating any such performance as that. It is the direct operation of a blank cheque. However, the real fact is that the vote is limited to the Atlantic fisheries, and I suppose that means the fisheries along the coast, in the bay of Fundy, and in the Atlantic ocean. The minister cannot give information as to what would be applicable to each of the provinces. Inasmuch as the necessity for bait at the moment is much more apparent in Nova Scotia than in the other provinces, I suppose Prince Edward Island and New Brunswick will have to look to the transportation side of it, while the bait is made available for Nova Scotia. Is that correct?

Mr. MICHAUD: Well, I will take that as a recommendation.

Mr. BENNETT: I am waiting to hear from the Pacific coast.

Mr. NEILL: I would like to ask why the whole of this very large sum is needed on the Atlantic coast?

Mr. MICHAUD: Because of the needs of the Atlantic coast.

Mr. NEILL: And are there no needs on the Pacific coast?

Mr. MICHAUD: It all depends on what the hon. member means by "needs." But he knows very well, and the house knows very well, that the situation with respect to fisheries on the Pacific coast is not at all comparable with the depressed condition of the fisheries on the Atlantic coast. That is true, for various reasons. A considerable amount of money is being spent on the Pacific coast, but not to the same extent as is necessary to meet the requirements of the Atlantic coast. The fishing industry on the Pacific coast is well organized and is not suffering like the industry on the Atlantic.

Mr. NEILL: The people of British Columbia have a different opinion from that expressed by the minister. They think they have grievances that need attention. I ask him to point out one expenditure he has in contemplation for the Pacific coast apart from the ordinary routine official operations of his department that would be in any way comparable to what is being spent on the Atlantic? Can the minister show me an item for, say $100,000?

Mr. MICHAUD: My hon. friend knows very well—

Mr. NEILL: I wish you would not say I know very well, because I do not.

Mr. MICHAUD: The money is not being spent just because there is a demand for it; it is to meet a need and it is because commissions and boards of investigation have recommended that it be done. No such recommendations have been made in connection with the Pacific coast.

Mr. NEILL: If the trouble is that no one has asked for anything, then there would seem to be a reflection on the members from British Columbia. I did not think they were lacking in that ability. We have just finished some very stormy sessions in the fisheries committee in connection with the traps in British Columbia, and I suggest that a small part of this vote would have purchased the interest in these traps, if they have any equity, which would have substantially improved the lot of the ordinary fisherman, many of whom are going to be thrown out of employment this year, according to the evidence given in the committee, because of the restrictions being imposed upon the Skeena river. This is the second largest source of sockeye salmon in British Columbia.

Another suggestion I would make is the providing of a bounty for the reduction of dogfish. I have been advocating this for years. This fish is very destructive to the salmon industry. They have never been able to find the spawning grounds of this fish and it would be of great benefit to the industry if a reasonable bonus, say $2.50 per ton, was paid for the reduction of this fish. A vote of even $100,000 would be a gesture towards giving us what we are entitled to. The minister seems to regard this vote of $500,000 as being beggardly, but we would like to be given an assurance that some of this money will be available for British Columbia between now and the time it is spent. I do not suppose even Nova Scotia will be able to spend it all immediately.

Item agreed to.

Fish culture, $231,220.

Mr. NEILL: I think the hon. member for Fraser Valley (Mr. Barber) wanted to speak on this item.

Mr. MICHAUD: I have informed the hon. member that his suggestions had been adopted in connection with the hatchery at Cultus Lake.

Mr. BENNETT: Fish culture is secure.

Mr. NEILL: What about the Cowichan hatchery?

Mr. MICHAUD: I do not think it was closed last year.

Mr. ESLING: Some time ago a committee was appointed to determine the responsibility as between the federal government and the provincial government of British Columbia in connection with the maintenance of a hatchery for the propagation of sport fish. The report of the committee is in the hands of the minister, and I wondered if he could tell us whether the responsibility for this hatchery will rest upon the federal or the provincial government.

Mr. MICHAUD: The question of jurisdiction as between the provincial and federal governments has not finally been reported upon. From what I have been able to gather from a brief examination of the interim report, the suggestion is made that the facilities of the federal government should be used wherever possible for the propagation of sport fish and the development of sport fishing on the Pacific coast. This suggestion will be acted upon.

Item agreed to.

To enable, in cooperation with provincial governments concerned, aiding fishermen and groups of fishermen to establish, or better establish themselves in the industry, $400,000.

Mr. NEILL: Would the minister give us a short statement of what was spent of the money voted last year, and in what provinces it was spent?

Mr. MICHAUD: The expenditure in Nova Scotia was $59,969; in New Brunswick, $21,323; in Prince Edward Island, $25,000.

Mr. NEILL: And in British Columbia?

Mr. MICHAUD: That province did not enter into an agreement with the dominion government. These expenditures would not cover the whole fiscal year as the last report takes us up to only the early part of March.

Mr. KINLEY: That was on a 50-50 basis?

Mr. MICHAUD: Yes.

Mr. KINLEY: This money was not spent; it was used to make loans.

Mr. MICHAUD: It was paid to the provinces.

[Mr. Neill.]

Mr. KINLEY: You still have an equity in it; it is loaned to the provinces.

Mr. NEILL: These figures add up roughly to $100,000. Last year the vote was for $300,000. Was the rest not spent?

Mr. MICHAUD: It was not all taken up. It was placed at the disposal of the provinces, but was not taken up.

Mr. NEILL: Well, if only $118,000 out of $300,000 was spent, why are you asking for $400,000 this year?

Mr. MICHAUD: It is believed that the provinces this year intend to take greater advantage of the grant than they did last year. I might say that an offer was made to British Columbia of a share of the amount, but they did not feel they could take it.

Mr. NEILL: Were they offered any specific sum?

Mr. MICHAUD: Yes, $50,000.

Mr. NEILL: And what was the answer of British Columbia?

Mr. MICHAUD: Well, they did not feel inclined to take it. I do not think I have the letter here.

Mr. NEILL: I cannot imagine British Columbia refusing $50,000 if there is any chance of getting it.

Mr. MICHAUD: I have the letter. It was sent by Mr. Pattullo, premier of British Columbia, and is dated May 22:

Adverting to your letter of 28th April, I have had the fisheries department give careful consideration to the subject matter of your letter, and we have come to the conclusion that under the circumstances existing at the present time it is not considered desirable to take advantage of your proposal. I wish however, to express appreciation of your suggestion.

Mr. NEILL: I am asking for information; I am not attacking the minister. But take Nova Scotia; they appear to have had somewhere around $60,000. Was there any arrangement made as to the way in which this money was to be used? The department did not just say: Take it. What did they do?

Mr. MICHAUD: It is under the terms of a contract.

Mr. NEILL: Well, just generally speaking.

Mr. MICHAUD: They were to loan money to needy fishermen, and the province would supplement it by a similar amount for the same purpose, and administer the fund.

Mr. NEILL: And the province was responsible to the dominion?

Mr. MICHAUD: For what?

Mr. NEILL: For the money.

Mr. MICHAUD: For the refund of the money?

Mr. NEILL: Yes.

Mr. MICHAUD: No.

Mr. NEILL: What about the individual fisherman? Did he pay interest?

Mr. MICHAUD: Yes. Three per cent.

Mr. NEILL: And on what security?

Mr. MICHAUD: On his note.

Mr. NEILL: On the boats?

Mr. MICHAUD: No.

Mr. NEILL: Does the minister not think that if a fisherman in Nova Scotia could get a loan on the security of his notes alone, fishermen might also be allowed to get loans under the Fishermen's Loan Act on the security of their boats—not of their notes but of their boats. At present they must have land as security, and many of these fishermen do not own land. The minister would have been doing a great benefit to British Columbia, and no doubt to the maritimes as well, if he had had that Fishermen's Loan Act changed so that if a fisherman needed a thousand dollars or more he could get it on the security of his boat and gear. At the present time a man may have a boat worth $25,000 —that is quite common in the halibut or seine business—and yet when he wants to get a new net or an engine he cannot get it because his real estate must be worth double the amount of the loan. The result is that in British Columbia there has been only one loan granted, of the noble sum of $400. As I say, the reason is that they are not so circumstanced as to get it. If the minister would forget any question of favouritism towards Nova Scotia and elsewhere and would get the Fishermen's Loan Act so amended that the fishermen could take advantage of it, he would achieve something really worth while. They are yearning to take advantage of the act, but it is no good telling a man who wants a loan on a fishing boat that he can get it if he produces a marble mansion or something of that kind. The proof of the truth of what I have said is shown by the fact that in all British Columbia, which produces fifty per cent of the fish production of Canada, we have been able to get only one loan, and that of $400.

Mr. HARTIGAN: I think the hon. member is under a false impression as to the amount a fisherman can get under this law. As I understand it the limit is $40.

Mr. NEILL: Perhaps the hon. member will tell me what is the purpose of the $40 loan? What is the use of it to a fisherman needing a boat or a net?

Mr. HARTIGAN: The hon. member talked about a loan for a thousand dollars under another loan plan. But under this particular grant given to the province the maximum was $40.

Mr. NEILL: What use is $40?

Mr. HARTIGAN: That is up to the fisherman—perhaps for the repair of his nets or of his boat.

Item agreed to.

To aid in expanding the sale of the products of the Canadian fishermen in foreign and domestic markets, $100,000.

Mr. NEILL: This item has been reduced. What phase of the work is to be carried on this year?

Mr. MICHAUD: Last year we were largely engaged in the organization of publicity work. The continuation of such publicity requires more money, and we are glad to find that the industry itself is devoting some money to advertising and publicity work. We thought this amount would be sufficient to carry on the work for the coming year.

Mr. NEILL: I will not detain the committee a moment but I should like to ask the minister about the advertisement I produce. I have seen lots of advertising put out by the department. Much of it was quite good, but I wish he would tell us what this drawing represents? What kind of fish is it?

The CHAIRMAN: Does the item carry?

Mr. NEILL: No, it won't carry. The minister is going to give me some valuable biological information.

Mr. MICHAUD: That must be one of the dogfish of which my hon. friend spoke.

Mr. NEILL: I would ask the minister to return my illustration. The fact of the matter is that it is a biological obscenity. It is not any fish at all; it is a composite animal. Did not the poet say, the like was never seen on land or sea.

Mr. BENNETT: Sea or land.

Mr. NEILL: The like has never been seen to my knowledge. It is not anything. I recognize in it a little piece of a halibut, a little piece of a herring, and so on. If the Minister of Agriculture were going to put on similar advertising, I suppose there would be an object part horse and part cow, with a touch of a hog in it, and flavoured with goat.

Does the minister not think it would be much better to refrain from trying to deceive the public with a thing like that? I think if it represents anything, the nearest fish it comes to is a trout. But why not change the illustration and have, one day a herring, the next day a cod, the next day a halibut, the next day a haddock, and so on, with a suitable recipe instead of suggesting that the public try this recipe for kippered herring scallop, for this fish is not a herring. It would be better to have, as I suggest, a recipe concerning the fish depicted in the particular advertisement. After all, the idea is to persuade people to buy fish. But here is a picture of this marine animal being caught apparently with a rod and line. That does not encourage the housewife to buy fish. It might encourage a sportsman to go out and catch an object like this if he could find it, but the minister's idea is to encourage the housewife to go out and buy some specific fish, and how seeing this poor hybrid caught with a hook is going to persuade her to do that, I do not know. It would be much better to make the advertisement more practical and have a picture of a cod or a halibut so that the housewife could know what it was when she saw it, and also to have each day a recipe appropriate to the fish advertised.

Item agreed to.

Employment and Social Insurance Act, $40,000.

Mr. MACKENZIE KING: As I said the other evening, I do not believe that any of this amount will be required, but I am not sure. Some unforeseen necessity may arise.

Item agreed to.

Statue of the late Sir Arthur G. Doughty, to be erected in front of the dominion archives building, $15,000.

Mr. BENNETT: There is a word I desire to say with respect to this item. The late Sir Wilfrid Laurier said that but for Sir Charles Tupper there would have been no confederation, and one thing that has given me concern is the fact that there is no statue on these grounds to his memory. I have no criticism to make of the statue to be erected to Sir Arthur Doughty in front of the building housing the archives, which he so splendidly established. But in view of what Sir Wilfrid Laurier said on the death of Sir Charles Tupper I suggest that we should make provision for a statue to be erected to him. Had we been in sufficient funds when the late government was in power, provision would certainly have been made between 1930 and 1935 for the purpose, but as money was urgently required for other purposes it was not done. The language of Sir Wilfrid Laurier was quite strong—but for Sir Charles Tupper there would have been no confederation—and it is but fitting that there should be a memorial to the memory of the man but for whom, in the opinion of one of his great contemporaries to whom he was opposed, there would have been no confederation. I take advantage of this vote to make that observation, at the same time paying a tribute to Sir Arthur Doughty and the great work he has done for the future of Canada. I am not quite sure that the erection of a statue is the best tribute. The Prime Minister thinks it will be, and as there is always room for differences of opinion it is, of course, quite clear that his views in the matter should prevail. I trust that the memorial to be erected to his memory will be one that will remind future generations of the great debt that is owed to him because of what he did for the archives of the country, which are of extreme value not only to Canadians but to all those who desire to know the early history of the North American continent.

Mr. MACKENZIE KING: One thought amongst others underlying the erection of a statue to the memory of Sir Arthur Doughty is that for the most part our statues have been erected only to statesmen or generals, there being few, if any, to members of the civil service. Sir Arthur was a great public servant who, as my right hon. friend has said, was more responsible than all others combined, for the splendid department of government known as the archives. It was essentially his creation. The administration felt that to commemorate his life and work by the erection of a statue of suitable design in association with the archives buildings, possibly immediately in front of the building, would be an eminently appropriate form of recognition. Members of all parties in the house and leaders of previous governments will, I believe, agree that permanent recognition of Sir Arthur Doughty's splendid services to our country is more than merited.

I am glad that my right hon. friend has called the attention of the government to the circumstance that up to the present no monument has been erected on the parliament grounds to the late Sir Charles Tupper. I believe the country generally will feel that fitting recognition should be given one whose part in confederation and in the history of the country was that which my right hon. friend has described as having been taken by Sir Charles Tupper. I may say to my right hon. friend that the government will be pleased to consider what may be most advisable in the way of recognition.

Item agreed to.

Resolutions reported.

SUPPLY—CONCURRENCE

Hon. CHARLES A. DUNNING (Minister of Finance) moved:

That the reports of the committee of supply made to this house on January 19, 22, 26, February 2, 5, 8, 9, 11, 19, 22, 23, 25, 26, March 1, 31, April 1, 5, 7, be now received, read a second time and concurred in.

Motion agreed to.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

SUPPLY BILL

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

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

Mr. DUNNING moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending 31st March, 1938, the sum of $278,368,607.50 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time and concurred in. Mr. Dunning thereupon moved for leave to introduce Bill No. 118, for granting to His Majesty certain sums of money for the public service for the fiscal year ending the 31st March, 1938.

Motion agreed to and bill read the first time.

Mr. MACKENZIE KING: May we revert, Mr. Speaker, to the order, introduction of bills, to enable the Minister of National Revenue to introduce the bill which appears on the order paper, so that it may have first reading tonight?

EXCISE ACT AMENDMENT

Hon. J. L. ILSLEY (Minister of National Revenue) moved for leave to introduce Bill No. 119, to amend the Excise Act.

Motion agreed to and bill read the first time.

It being twenty minutes after twelve o'clock, the house adjourned, without question put, pursuant to standing order.

Saturday, April 10, 1937

The house met at eleven o'clock.

CORONATION OF KING GEORGE VI

PRESENTATION OF ADDRESS TO HIS MAJESTY ON THE OCCASION OF HIS CORONATION

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, possibly the house would grant me permission, before the presentation of reports by standing and select committees and motions, to present as the first order of proceeding on what promises to be the concluding day of the present session, the resolution which appears in my name.

Mr. SPEAKER: By leave of the house.

Mr. MACKENZIE KING: In connection with the coronation ceremonies it has been arranged that addresses are to be presented to His Majesty the King by the prime ministers of the self-governing dominions and representatives of the Indian and colonial empire. It has seemed to me that the significance of the address from Canada would be enhanced and, also, that it would add to the pleasure of His Majesty in receiving the address were it to take the form of a resolution of both houses of parliament expressive of the sentiments of the people of Canada as a whole as conveyed by their representatives in parliament.

I have prepared an address which I believe will meet with the approval of members of all parties. It is intended to form part of the resolution. I have submitted the text of the resolution to my right hon. friend the leader of the opposition (Mr. Bennett) who has kindly consented to second it. At the beginning of the session the house passed a resolution expressing its sentiments of loyalty and support to His Majesty. As I spoke at some length on that resolution I shall not at the moment do more than read the resolution, which contains the proposed address, the words of which speak for themselves. I therefore beg to move, seconded by Mr. Bennett:

That an humble address, in the following words, be presented to His Majesty the King, on the occasion of His Majesty's Coronation:

To the King's Most Excellent Majesty:

Most Gracious Sovereign:

We, the members of the House of Commons of Canada, in parliament assembled, desire respectfully to renew, on the occasion of Your Majesty's coronation, the assurance of our united loyalty and support, and to offer our heartfelt good wishes for Your Majesty's reign.

Since your accession, we have not failed to recognize, in Your Majesty's public utterances, the assertion of those principles under which the prerogatives and powers of government, vested in your person, are held and exercised

only according to law and custom sanctioned by general consent. Justice, civil liberty and ordered freedom, thus secured, constitute a most precious heritage. These time-honoured principles, permeating the relations of your peoples and their homelands one with another, have served to create a community of free states, responsible for their own destinies, yet resolved to conserve their common inheritance as one of the treasures of mankind. The solemn form and character of Your Majesty's coronation, comprehending both the old and the new, will, we believe, afford a more vivid sense of the meaning and value of the crown, thereby strengthening the bonds of mutual trust and affection between the sovereign and his peoples.

To Her Majesty Queen Elizabeth we desire also to express our sentiments of loyalty and devotion. We rejoice that the great responsibilities of the throne are shared by one who already holds a place in the affections of your peoples, and whose example fosters those simple and homely virtues which beautify character and enrich family life. The companionship in service thus enjoyed, while ensuring your personal happiness, will afford to Your Majesty support and strength in the discharge of your public duties.

Through this stormy and baffling era in human affairs, the throne has remained broad-based upon the people's will. The crown, symbolizing the unity and the free association of the nations of the British commonwealth, continues to embody the principles of government which they hold most sacred, and their common attachment to the ideals of freedom and of peace. We pray, that under divine blessing and guidance, the foundations of constitutional government may be firmly maintained, and that Your Majesty may be vouchsafed strength and wisdom commensurate with your exalted and exacting task.

Right Hon. R. B. BENNETT (Leader of the Opposition): The language which has been used in the address we have just heard read appropriately expresses, I believe, not only the collective but the individual sentiments of the members of this house with respect to the throne and person of His Majesty the King, and with respect to his consort the Queen. I say "the throne and person," because it now is clearly apparent that but for monarchical institutions it would not be possible to maintain our commonwealth of nations. The monarchy is an absolute essential to the maintenance of that commonwealth. It will be recalled that in the days of great confusion in France the electors were asked to express an opinion upon a single question: Will you be governed by Louis Napoleon or by an assembly? And the electors answered: By Louis Napoleon. It is obviously clear that in the closing years of the nineteenth century and the beginning of the present one, we thought that democratic institutions had made such progress that any question of that kind would be answered unquestionably in favour of an assembly. Yet to-day as we survey Europe we realize that in at least three of the great nations of the world the dominance of a single personality in government is apparent, and that the influence, the far-reaching influence, of a single individual upon the destinies of the world was never more pronounced in modern civilization.

It is therefore a matter of great satisfaction to us to know that amidst the conditions under which we have lived and are living, our limited constitutional monarchy has survived, "broad-based upon the people's will," and is likely to endure so long as the powers of the sovereign are exercised with the advice and consent of those whom the people select as their government. The reasons, therefore, for our attachment to the throne as well as to the person of the sovereign are apparent. The throne, the crown, express that sense of unity which is manifested by British subjects everywhere, and it is also the symbol of the free association of nations which constitutes our empire.

His Majesty, like his father, was a second son. He succeeded to the throne under extremely difficult circumstances. But he brings to bear upon the problems with which he must deal broad common sense, wide experience, and a devotion to duty second to that of no sovereign who has ever reigned. These qualities and that disposition will in the judgment of those well able to express opinions be of extreme value to us all in the days that lie before us. It was a great constitutional writer who said:—

> The sovereign under a constitutional monarchy such as ours has three rights: the right to be consulted, the right to encourage, and the right to warn, and a king of great sense and sagacity would want no other.

I do not know that any words could more aptly express my view with respect to the functions of the sovereign, than those which I have just read.

I am sure that our attachment and loyal devotion to the throne and person of His Majesty find expression also in our devotion to Her Majesty the Queen. Her tact and charm, her hereditary claim to the affections of the people, give her a position of singular influence at this time. I think one might modify slightly the words of the great poet laureate and say that she commanded not only the reverence of the people but their affection, and that these are closed "in her as mother, wife and queen."

I regard it, Mr. Speaker, as a great privilege and a high honour to be associated by the Prime Minister (Mr. Mackenzie King) with the resolution which has just been read. The Prime Minister, speaking not as the

chief of a party but as the leader of the House of Commons, has in the resolution spoken for us all. And as he presents it to our sovereign he will have the satisfaction of knowing that he expresses, not the opinion of a man or of a government, but of all Canadians, whose loyalty and devotion to the crown and person of the sovereign and his consort will find expression on all occasions so long as those constitutional safeguards are maintained which make for the peace of our country, the freedom of our people, and the rights and liberties of the subject.

Motion agreed to.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Perhaps the Speaker will read the resolution.

The members of the house standing, Mr. Speaker read the resolution in both languages, and the house sang

God Save the King.

ELECTIONS AND FRANCHISE

MOTION FOR CONCURRENCE IN FINAL REPORT OF COMMITTEE ALLOWED TO STAND

Mr. C. E. BOTHWELL (Swift Current): Mr. Speaker, I move, seconded by Mr. Taylor (Nanaimo), that the second and final report of the special committee on elections and franchise acts, presented in this house on Tuesday, April 6, be concurred in.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I had hoped that possibly the hon. gentleman would be content, in view of the fact that no final conclusions were arrived at, to permit the report to lie on the table without concurrence being moved. There are many matters of great concern that should be discussed when this report is before this chamber. I realize that the shortness of the session made it impossible for final and definite conclusions to be arrived at, and I realize that the report contemplates a continuance of the work of the committee at another session. Under those circumstances might it not be wise to leave concurrence in abeyance, at any rate?

In a moment I propose to make a suggestion to the leader of the government (Mr. Mackenzie King) with respect to another matter; perhaps I can make it now. Might it not be desirable with respect to these matters which involve differences of opinion, sometimes acute, and which have to do with the consideration of matters of very great moment to us all and to the people of the country as a whole, that it should be understood that the hon. member will have an opportunity to place upon the order paper next session a notice of motion for concurrence in the report? Then there would be an opportunity to discuss the matter before the committee reconvened to consider questions that are of such fundamental importance in connection with ascertaining the will of the people of the country in connection with their form of government.

In the second inquiry, that dealing with agricultural implements, the evidence has been very extensive, and there are many questions about which there are differences, one of them being as to whether the evidence warrants the conclusions arrived at, which of course is a vital consideration that necessitates the evidence being read over. The purpose has been served of holding the investigation, taking the evidence and making the report. So I suggest to the leader of the house that it might be quite satisfactory if an assurance were given that notice would be placed on the order paper by the chairman of the committee or someone in his behalf, if by any accident he should not be here next session. The matter then would be fully discussed and hon. members of the house in the meantime would have an opportunity to consider the evidence, which is highly important, remembering that there is not complete unanimity of opinion with respect to the conclusions that have been arrived at.

I make that suggestion not for the purpose of delay but having regard to the efforts which have been made by all to avoid as far as possible the lengthy discussion of matters that possibly we should have discussed. I suggest that a useful purpose would be served in the conduct of public business if we treated these matters as lying on the table, enabling them, by appropriate action, to be discussed next session from the standpoint of concurrence. I think then we would feel that we had made at least some contribution to the expedition of public business and the closing of our deliberations to-day.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I thank my right hon. friend the leader of the opposition (Mr. Bennett) for the suggestion he has just made. I would say at once that personally I concur fully in the view he has expressed. I greatly fear that it would be considered by the people of the country that we had accepted the report in a purely formal way if we were to adopt it without at least some discussion and without giving to its recommendations the careful consideration which their importance demands.

In the circumstances I am inclined to believe it would meet with the approval of hon. members of the house generally if what my right hon. friend has suggested were understood to be the undertaking of the government with respect to the subject of the report, namely that at an early stage of the next session the chairman of the committee or any other hon. member may bring before the house the subject matter of the report with a view to a very full discussion of its recommendations. Meantime ample opportunity would be afforded hon. members not only to peruse the report itself, but to look into the evidence on which it is based. In the circumstances I hope the chairman of the committee will agree not to press concurrence at this stage.

Mr. BOTHWELL: I wonder if we might carry the last paragraph of the report, namely that part which recommends the printing of the evidence and report.

Mr. BENNETT: Quite. That could be done by a substantive motion.

Mr. BOTHWELL: I move:

That the evidence and second and final report of the special committee on elections and franchise acts, presented to the house on Tuesday, April 6, be printed in bluebook form, 2,000 copies in English and 500 copies in French.

Mr. SPEAKER: The motion for concurrence in the report is dropped. It is now moved by Mr. Bothwell, seconded by Mr. Taylor (Nanaimo) that the evidence and report of the committee be printed.

Motion for concurrence stands.

Motion for printing agreed to.

FARM IMPLEMENTS COMMITTEE

MOTION FOR CONCURRENCE IN SECOND REPORT ALLOWED TO STAND

Mr. J. F. JOHNSTON (Lake Centre): Mr. Speaker, in order that the report of the special committee charged with the matter of looking into the prices of farm implements may be in exactly the same position as the report with which the house dealt a minute ago, I desire to move that the second report of the special committee on the prices of farm implements be concurred in. I shall then take the responsibility, so far as I am able, of concurring in the suggestion of the leader of the opposition (Mr. Bennett) and the Prime Minister (Mr. Mackenzie King). But I want also to move that the report be printed.

Mr. LAPOINTE (Quebec East): And the evidence.

[Mr. Mackenzie King.]

Mr. BENNETT: The evidence was printed from day to day.

Mr. SPEAKER: Mr. Johnston (Lake Centre) moved, seconded by Mr. Bouchard, that the second report of the special committee on the prices of farm implements be concurred in. Dropped.

Mr. McLEAN (Melfort): Mr. Speaker, before this is proceeded with or disposed of I should like to ask the leader of the government if his words with respect to the other report may be taken as an assurance that in all respects this report will be in the same position at the next session of parliament as it is at the present time, that is that it will be discussed as a report from a committee still in vigour, and not simply as a pious resolution on the order paper. If that assurrance is given I am prepared reluctantly to forego the opportunity of discussing this very important matter. There are recommendations in the report which were adopted unanimously.

An hon. MEMBER: No.

Mr. McLEAN (Melfort): Does anyone contradict me when I say that there are resolutions in the report which were adopted? Certainly there are, many of them—not all of them, but some. I did not say all were adopted, but I did say some were adopted unanimously. On others which were adopted there were to a certain degree differences of opinion. But I believe no committee ever sat or carried on its work in a more reasonable manner, or came more nearly attaining unanimity.

Certain conclusions in the report are of the greatest importance to the people of Canada. I regret that they cannot be dealt with at this session, because the recommendations in the report I feel sure are much more important than some matters with which we will deal to-day, and if accepted would be of much greater benefit to the producers of Canada. However if the leader of the government will give me the assurance I have asked, that the matter will be considered as from a committee in full vigour, and that it will be discussed next year on that basis, I shall reluctantly agree that the matter be not further pursued at this time.

Mr. MACKENZIE KING: Mr. Speaker, if the chairman of the committee on prices of farm implements will adopt the same course as the chairman of the special committee on elections and franchise, I am prepared to give to him and to hon. members of the house the same assurance with respect to his report as I gave with respect to the report on elections.

Mr. STEVENS: May I ask one further question? It is clearly understood that the action we are now taking is not casting any reflection upon the report, or capable of interpretation by those who might be affected by it as an indication that parliament does not approve the recommendations in the report. Such an assumption on the part of those adversely affected would, I believe, be most unfair to the farming communities in Canada, and would perhaps have unfortunate results. That should be made abundantly clear.

Mr. MACKENZIE KING: May I reply that far from the action being construed as casting a reflection on the report, I should be inclined to feel that it reflected a desire on the part of the House of Commons to give to the report the careful consideration it merits, thereby preventing any hasty action with respect to an all-important matter.

Mr. COLDWELL: Mr. Speaker, there are one or two recommendations in the report which are of immediate interest. For instance, we came to a conclusion with respect to the possibility of increases in the near future in the price of farm implements, and expressed our opinion with respect to that point. I should not like to see that matter set aside, although I am in agreement with the procedure suggested, because I realize that at this late date in the session there is no time for debate. What will be the position in that respect?

Mr. MACKENZIE KING: The report will be made public, and without doubt the parties affected by it will be prepared to take due notice of what a committee of the House of Commons has set forth. So far as the government is concerned, may I say that its members will be prepared immediately to consider the report, and such action as may be thought possible and advisable will be taken. I cannot say more than that at this time.

Mr. SPEAKER: Dropped.

Mr. JOHNSTON (Lake Centre): Mr. Speaker, as was moved by the chairman of the committee on elections and franchise, I desire to move that the report of the committee on prices of farm implements be printed in the journals of the house.

Mr. LAPOINTE (Quebec East): The evidence and the report.

Mr. SPEAKER: I believe it is already printed.

Mr. ROSS (Moose Jaw): With respect to both reports I notice Mr. Speaker has ruled "dropped"; should he not have said "stand"?

Mr. BENNETT: Quite.

Mr. SPEAKER: The motions were not proceeded with, and that is why I said "dropped." Another motion has been made by the hon. member for Lake Centre with respect to the printing of the report of the farm implements committee. In that case I believe the motion made by the hon. member is unnecessary, because the report has already been printed in the votes and proceedings.

Mr. JOHNSTON (Lake Centre): May I add that there are a few corrections to be made in the report of the special committee on farm implement prices, and I would ask that these be made in the printed copies to appear in the journals of the house. They are minor in character with the exception of one where "Canadian National Railways" was used instead of "Canadian railways." The language as used in the report would exclude the Canadian Pacific Railway, which was not the intention of the minister.

Motion for concurrence stands.

DIVERSION OF WATER

PROPOSAL OF ONTARIO GOVERNMENT FOR DIVERSION FROM HUDSON BAY WATERSHED VIA LONG LAKE INTO LAKE SUPERIOR

On the orders of the day:

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, is the Prime Minister (Mr. Mackenzie King) now in a position to give an answer to the question I asked a few days ago with respect to the proposed diversion of water from the Hudson bay watershed, over the height of land into lake Superior, via Long lake, as proposed by the Ontario government?

Right Hon. W. L. MACKENZIE KING (Prime Minister): When answering my hon. friend the other day I mentioned that I should like to consult with the Minister of Justice (Mr. Lapointe) before attempting to reply to his question. I have done so and the minister and his officers have been looking into the matter. I might say that the officials of the Department of External Affairs have also been giving consideration to the question raised by the hon. member. This is a very involved matter as it affects international rights as well as the rights of the dominion and the province. I would for this reason hesitate to express any definite or final opinion at the moment with respect to it. The subject is too important to seek to give my hon. friend an immediate reply. I promise him, however, that when parliament reassembles I shall be prepared to make a statement. The matter will have to receive careful consideration before any official announcement is made.

Mr. MacNICOL: Then I understand that the Ontario government cannot proceed with the completion of the contract with United States interests to promote the diversion of the waters of Long lake. The newspaper reports are to the effect that they have contracted to permit this diversion.

Mr. MACKENZIE KING: That is just one of the involved aspects of the whole matter. No doubt the Ontario government will ascertain exactly what its powers are before proceeding, and certainly this government will seek to make known its views with regard to the situation to all parties concerned.

WEIGHTS AND MEASURES

LIABILITY OF CORPORATION OF OTTAWA FOR ALLEGED INFRACTIONS OF ACT

On the orders of the day:

Mr. JEAN FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, I should like to refer to a judgment rendered this week by Magistrate Strike of Ottawa to the effect that the corporation of the city of Ottawa is not liable or punishable by a fine in connection with alleged infractions of the provisions of the Weights and Measures Act. It was alleged that there was a light, deficient and otherwise unjust condition of weighing machines for weighing goods, wares or merchandise, the said corporation charging and collecting tolls for the weighing of such goods, wares or merchandise on such light, deficient and otherwise unjust weighing machines. Is it the intention of the government to take any steps to redress the wrong that has been done and to protect the consumer? If so, how and when? Would it be possible to have a copy of the report made to the city hall by Mr. Cuddy concerning the condition of the public scales which he inspected?

Hon. W. D. EULER (Minister of Trade and Commerce): I read in the press a day or so ago a report of the decision given by Magistrate Strike in connection with the prosecution under the Weights and Measures Act, to which the hon. member for Témiscouata (Mr. Pouliot) has referred. I admit that this decision seems to disclose a surprising and unsatisfactory situation. It is my intention to give careful consideration to the whole matter and if it is found that this act is defective in the matter of the protection of the public, I shall recommend to the government an appropriate amendment.

Mr. BENNETT: In the meantime we might take an appeal.

[Mr. Mackenzie King.]

Mr. EULER: The whole matter will be taken into consideration and it is possible it may involve an appeal to a higher court to ascertain whether the act is defective. No amendment will be offered until the matter is clearly settled in our own minds and we have reached a decision as to the efficiency of the act with regard to such prosecutions. At the moment I see no objection to giving my hon. friend access to the report which has been rendered.

INQUIRIES FOR RETURNS

IMPERIAL DEFENCE

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I should like to inquire of the Minister of National Defence (Mr. Mackenzie) if it is possible to have answers to the questions which now stand on the order paper in my name?

Hon. IAN MACKENZIE (Minister of National Defence): These replies were prepared yesterday by the Department of National Defence and forwarded to the Secretary of State (Mr. Rinfret). I see no objection to filing the answers during the course of the day.

FINANCIAL ASSISTANCE TO PEACE RIVER COUNTRY

Mr. R. A. PELLETIER (Peace River): I should like to ask the government when I may expect the return ordered by this house on March 29 with respect to certain expenditures to be made in the Peace river district?

Hon. FERNAND RINFRET (Secretary of State): I have been expediting all returns as much as possible. If more are available during the day, I shall table them. I cannot tell my hon. friend whether his return will be ready to-day, but I shall look into the matter.

CORONATION DAY MAIL DELIVERY

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): I should like to inquire of the Postmaster General (Mr. Elliott) if he will consider seriously authorizing a minimum postal delivery service on Wednesday, May 12, coronation day?

Hon. J. C. ELLIOTT (Postmaster General): I would say to my hon. friend, who as far as I am aware has not given me any notice of his intention to ask this question, that the matter will receive our best consideration.

WAYS AND MEANS

CUSTOMS TARIFF

The house in committee of ways and means, Mr. Sanderson in the chair.

Customs tariff—519. House, office, cabinet or store furniture of wood, iron or other material, in parts or finished: British preferential tariff, 15 per cent; intermediate tariff, 30 per cent; general tariff, 45 per cent.

Mr. GLEN: When the committee was considering this item on Thursday, I was dealing with the report of the tariff board in connection with the furniture industry. Some interval of time has occurred between Thursday night and this morning, of which I do not complain, but statements have appeared in the press to the effect that a filibuster has been engineered by some insurgent Liberals against the item under discussion. May I say that there has been no concerted move on the part of anyone to create a filibuster against this item. There has simply been an endeavour on the part of some members to give their views in opposition to the item. As the matter falls within the purview of the Minister of Finance (Mr. Dunning), it has been suggested that my argument has been directed solely against the minister. Such is not my intention, and I do not think it would be fair to the Minister of Finance that such an impression should go abroad, because I realize, as we all do, that under our system of government to-day we have what is called "cabinet solidarity," and we are now dealing with and discussing an item which represents the consensus of the cabinet.

Having said that, I wish to state that a great many who would otherwise take part in this debate are not doing so simply because of the exigencies of the moment. They realize that the session must close to-day, and for that reason they are refraining from taking part in the discussion, but I know that I am repeating and voicing the opinion of a good many hon. members in the views I shall express.

When I was speaking on Thursday evening last I was referring to the industry as being, in the words of the tariff board, somewhat disorganized, and I alluded to it as inefficient. The furniture industry in Canada has been in existence for at least sixty years and therefore cannot be classified as an infant industry. The tariff board also states that the wages paid in the industry are less than the wages paid in the United States in competitive factories. Yet an attempt has been made through the furniture manufacturers' association to obtain an increase of the protection to the extent of forty-five per cent. That full amount has not been granted; it has been reduced by the government; nevertheless I am submitting that the increase is greater than is needed by the industry and is not in accordance with the evidence as submitted by the tariff board.

I wish to deal, though shortly, with some of the recommendations and conclusions arrived at by the tariff board. First, I will complete what I was putting on the record when I had to close on Thursday.

For many years prior to June 2, 1931, the rates of duty applicable to house, office, cabinet or store furniture of wood, iron or other material, in parts or finished, were 20 per centum, 27½ per centum and 30 per centum. In 1931 the rates were changed to 20 per centum, 30 per centum and 45 per centum respectively. On June 10, 1933, the Canada-France trade agreement extended to France the intermediate tariff rate less 10 per centum. On January 1, 1936, the Canada-United States trade agreement extended to the United States the most-favoured-nations position which entitled them to the intermediate tariff rate less ten per cent; and finally, on February 25, 1937, the Canada-United Kingdom trade agreement reduced the British preferential rate on furniture from 20 per centum to 15 per centum.

I wish now to deal with some of the sections as contained in the summary which has been put on the record by the hon. member for Moose Jaw (Mr. Ross), and in particular I refer to section 5. It reads as follows:

(5) The value of wood furniture consumed in Canada during the calendar year 1935 amounted to $19,557,578. The Canadian manufacturers have supplied 97·48 per cent and the United States 1·47 per cent of the Canadian market. On the basis of the estimated 1936 production the United States manufacturers' share of the Canadian market appears to have increased to 2·96 per cent.

Here is an industry controlling at least ninety-seven per cent of the home market. All the opposition they receive amounts to the very small figure of three per cent. Surely there is no justification for any industry possessing ninety-seven per cent of the home market coming to parliament and asking for further protection. I submit in connection with section 5 that what these people are asking for is not protection but absolute prohibition, and if this item is carried, that in effect is what will happen. There will be absolute prohibition of any competitive factors from the United States or elsewhere.

I submit that a reading of the next section of the report must lead any unprejudiced person to the inescapable conclusion that the tariff board are furnishing excuses for the conclusions they arrive at. The section is.

(6) In ordinary circumstances the fact that the share of the Canadian consumption enjoyed by United States manufacturers is less than three per cent of that consumption would lead

to the conclusion that no increase in the intermediate tariff is necessary; but certain conditions to be mentioned hereafter seem to point to the advisability of an increase.

I should have thought that the very fact of an industry controlling the home market to the extent of ninety-seven per cent would be sufficient to justify any board in refusing to entertain an application for a further increase.

Mr. EDWARDS: Would the hon. member carry through with numbers 7 and 8 of these sections?

Mr. GLEN: I do not intend to do anything that is unfair. I shall present all that can be said in favour of the industry. It needs all the assistance it can get.

Mr. EDWARDS: Will the hon. member also state how much Canadian furniture goes into the United States?

Mr. GLEN: Section 7:

(7) Canadian furniture manufacturers are at a disadvantage, particularly in the higher-priced furniture, as compared with United States manufacturers by reason of duties on such raw materials as veneers, vegetable glue and glass.

That is one of the reasons given by the tariff board. Here we have the old vicious circle of an industry complaining of the cost of their raw materials which is added to and increases the value of their products. Naturally they want a reduction in the cost of the goods which they purchase as raw materials, but they want also an increase in the protection on their finished product. It is just like a cat chasing its own tail; round and round the cat goes but the tail can never be caught. I agree entirely with the suggestion made in section 7 that the industry should have the benefit of reduced tariffs on the raw materials going into its products. That proposal would have my support, and if it would make this business worth while, the government, I think, should consider the point.

I will also read section 8 in further explanation of the position of the industry as described by the board:

(8) The greatest disadvantage suffered by Canadian furniture producers as against United States manufacturers is the smallness of the cut in the Canadian factory in respect of any one piece or suite of furniture. A cut of 50 is with few exceptions a maximum in Canada, and frequently the cut is much less, while in the United States a cut of 100 is regarded as the economical minimum. The result is that labour and material costs and overhead are relatively to production much higher than in the United States.

The reply which has been made in the case of section 7 will, I think, apply here also. If the industry can be put upon an economic base, by all means give it that measure of freedom so far as raw material is concerned in order that it may justify itself.

But I will go further and read section 9:

(9) The board's investigations show that furniture in carload lots can be and is being imported from the United States into Montreal, the largest retail centre for furniture in Canada, at prices laid down duty paid below the prices at which similar Canadian furniture can be landed in Montreal from southwestern Ontario, the main source of Canadian higher-priced furniture. In considering this fact it must be borne in mind that a substantial proportion of such furniture manufactured in southwestern Ontario in 1936 was sold at a loss to meet the United States competition.

I suggest that that section brings up the question, is the consumer to be considered at all? Is he to be prohibited from purchasing furniture at a lower price than he is bound to pay to-day? If the consumer is not to be considered, then I say that the tariff board, in their point of view, their reasons and the excuses they have given for the industry, are justified in making the observations they do in section 9. But if we take the position that the purchaser is to be considered, the day has come when that forgotten man should be enabled to buy furniture at less than he has to pay to-day.

Section 10 is a continuation of the reasons why the tariff board arrive at their conclusion. I do not think I need read it and burden the record with it; it is already on Hansard. The same might be said with regard to section 11. Later I propose to make some general observations on both 10 and 11. I come now to section 12, and of all the reasons that could be given for the refusal of the association's application the gist is contained in this section. It is a gem of purest ray serene of protectionist doctrine. Section 12 reads:—

While an increase in the intermediate tariff will not solve the problems of the Canadian furniture manufacturers, an increase of such tariff to 37½ per centum, which being subject to a reduction of 10 per centum would make the effectual rate 33¾ per centum, would, in the opinion of the board, accomplish the following: First, it would affect the attitude of mind of the manufacturers whose perspective has been dislocated by the sudden drop in their protection from 45 per centum to 27 per centum.

I may say in passing that I never expected at any time in my life that we should have such a point of view, expressed by any board sitting in a quasi-judicial capacity, with regard to the mentality of the parties appearing before them, not to mention the mentality of the person who has to pay the increased prices. The consumers' peace of mind is not to be assuaged by any tariff board in

their deliberations; only the peace of mind and the mentality of the manufacturers must be considered. Surely that is high protectionist doctrine of the most extreme type.

Mr. EDWARDS: What justification has the hon. gentleman for suggesting that the manufacturers increase the price so that the consumer has to pay more? I would refer him to the price spreads commission report in which it was stated most definitely that the spread between cost of production and the price to the consumer was in the retail end of the business, in the distribution, and not in the price charged by the manufacturer.

Mr. GLEN: Does the hon. gentleman mean to suggest that the manufacturers of these products are not going to take advantage of that tariff?

Mr. EDWARDS: I certainly do make that suggestion. The competition within the industry is sufficient to take care of that.

Mr. GLEN: I will deal with that point later. What I am saying at the moment is that so far as the doctrine of high protection is concerned this is a striking example of what protection means in the minds of the tariff board, and I presume that it was drawn from the evidence submitted to them. But they go on:—

> Second, it would give them an opportunity to carry on substantially as they did before the change in their protection for a period during which they might take stock of their position and perhaps work out a more economically organized industry than now exists.

If that means anything it means that the tariff board were convinced that without this protection the industry as now carried on could not operate by reason of dislocation of perspective and lack of organization, and they say so very definitely. Let me quote section 13:—

> The board suggests that it would be advisable and in fact necessary for the furniture manufacturers, particularly in southwestern Ontario, to begin immediately a study of their problems; and perhaps avail themselves of the conference provisions of The Dominion Trade and Industry Commission Act in an effort to preserve the industry and to maintain themselves in their position as important employers of labour in so many towns and villages in southwestern Ontario.

If words mean anything at all, that section plainly states that this industry, which has been carrying on for sixty years, is not in a position adequately and economically to supply the needs of the Canadian people unless it has a tremendous increase in its protective tariff. If my hon. friend is arguing that the price is kept up by the retail merchants in the distribution of the product, well—

Mr. EDWARDS: I do not want my hon. friend to misunderstand me; I do not say that the whole retail trade is included in that statement. What I said was that it was definitely proved before the price spreads commission that the large departmental stores used their purchasing power to beat down the price of the manufacturer and did not pass on the benefit to the consumer.

Mr. GLEN: That point will be discussed later by some hon. members. In the meantime I am pointing out that the demand is being made for increased protection, and my point is that the industry ought to solve its own problems. But it is to be given a further period to reorganize itself. These manufacturers have been in the business for sixty years, and they are going to be given further time to put their house in order.

Section 14 reads:

> It will be seen from the foregoing that the board's findings are based largely on two considerations, namely: the very wide drop in the protection from forty-five per centum to thirty per centum less ten per centum, thus making an effective rate of twenty-seven per centum and what may be called the disorganized state of the industry particularly in southwestern Ontario. These considerations lead to the view that the whole situation ought to be considered again after, say, a period of two years and that any increase granted should be regarded as in the nature of a temporary relief rather than as a final view as to the amount of protection required by the industry.

It seems to me that the simple, logical and economical solution for the problem of producing furniture at a lower cost lies in merging these contending interests and closing up some, bringing them all to a higher level of production and thereby enabling them to compete without the high tariff protection that they have to-day. The tariff board have studied their case. The very condition they now deplore, wherein they claim that their cost of production is higher than it would be normally, is brought about by the thing they are now anxious to sustain, high protection. They complain rightly about these disadvantages they labour under by reason of the duties on raw material, such as veneer, glass and so on. I am suggesting to the minister that this item should be deleted; it should not be proceeded with at this time. It is an item which is not justified by the evidence before the tariff board, and it is one which is most repugnant to a large number of hon. members of this committee.

Just while this debate was going on an article was published in the Winnipeg Free Press protesting against the imposition of this tariff. Only this morning I got a copy of a paper published in Saskatchewan, the Saskatchewan Liberal of April 8, containing a most vigorous protest against this item. I do not propose to read it, but I wish to say that the item may have much more far-reaching consequences than its mere passing or negativing in this committee. If the house passes this item there is nothing to prevent any industry in Canada from coming to the tariff board and making a presentation similar in kind to that of the furniture manufacturers' association, claiming that they must have protection against the influx of goods from any country in the world; and if this request is now acceded to, the government and parliament will be stultified in replying to them. We are creating that precedent, against evidence clear beyond peradventure. No increase should be given in this item because it would be harmful not only to consumers but also to the industry itself. I suggest that this item should be allowed to stand over until another session, that it should be referred back to the tariff board with the request that they inquire into the raw materials entering into the product and see whether it is not possible that these raw materials should be reduced in price to enable this industry to get on its feet. None of us wants to see the industry destroyed, but there are plenty of us who deny the right of the industry to charge excessive prices when they need not be charged.

Mr. EDWARDS: They do not charge excessive prices.

Mr. GLEN: They may say so, but we do not agree.

Mr. EDWARDS: It is the distribution cost.

Mr. McLEAN (Melfort): I think the hon. member is right in that.

Mr. GLEN: Therefore in all earnestness I suggest that this matter be referred back to the tariff board for further inquiry, along with the related industries whose materials enter into the manufacture of its product; then in another year when it comes back they will find that we are not unreasonable, but we want them to be reasonable. And as someone has to pay for this period of probation I think I am not asking anything out of the ordinary in suggesting that this industry, which has been in existence for over sixty years, should itself bear the cost incurred, and that the consumers and purchasers of furniture in Canada and the people of Canada as a whole should not be required to bear that expense.

I have thought it proper that this viewpoint should be presented, and I am only sorry that in this last day of the session time does not permit of that full discussion which the subject warrants, because it raises the issue between those of us who believe in lower tariffs or freer trade and those who espouse a closed market and high protection. At no time have we had the issue more concretely presented than we have it here, and it would be interesting and informative to the country to have a vote for and against put on record.

Mr. EDWARDS: Before the hon. member takes his seat, in order to be clear in the matter, does he suggest that the furniture industry be merged, and some of the small factories wiped out, to make it more efficient?

Mr. GLEN: It seems to me the logical outcome is that the contending interests in this industry will have to be organized; the industry itself will have to be organized, which would probably mean the closing of some of the concerns, and they would then get to the point of efficient production where they would not require the high protection which they now seek.

Mr. EDWARDS: Then I understand the hon. member is not in accord with the hon. member for Moose Jaw (Mr. Ross) when he stated the industry should be put in its grave.

Mr. ROSS (Moose Jaw): I rise to a point of order—

Mr. LAPOINTE (Quebec East): Do you want to start another discussion?

Mr. ROSS (Moose Jaw): I did not make that statement. I said that any industry that had been a protected infant industry in this country for eighty-seven years surely should have got on its feet by that time or gone to its grave.

Mr. EDWARDS: Then I understand the hon. member thinks this industry should have gone to its grave?

Mr. ROSS (Moose Jaw): If it cannot be organized efficiently in this country it should not be kept here by excessive prices, by a tariff that is far too high.

Mr. YOUNG: I had intended to analyse this item a little more fully than I shall now do, for the reason that I regard it as involving a very important principle. However, owing to the fact that we have reached a late stage

in the session, this probably being the last day, it is not my intention to go fully into the argument.

The hon. member for Moose Jaw (Mr. Ross) the other evening placed on the record very clearly the report of the tariff board, and I think probably he served the purpose, that of showing the people of this country on what a flimsy pretext this board reached the conclusion arrived at. When one takes evidence one necessarily inquires into the authority behind it. I have great sympathy with the government in the predicament in which they find themselves. They are accepting a report from a board constituted under a previous government, the members of which board do not hold the views of the party now in power. When I am driven to accept the findings of a board which is not in sympathy with the policies on which this party was elected, then to me there is something materially wrong with the constitution of that board. I have taken the trouble to look through Hansard to find the arguments presented by this party, then in opposition, when that board was being created, and I find that at that time there was unanimity of opinion in the Liberal party that if a tariff board were set up its term of office should not extend beyond the date of the retirement of the government then in power. I say very frankly that if a tariff board were set up to-day by the Liberal government I believe it should not stay in office one day after the Liberal government should go out of power. It is my conviction that when the two parties are divided on fiscal policy either party has the right, and it should be its duty, to see that they be advised only by men who think in terms in which they themselves think.

The chairman of the tariff board is an old personal friend of mine. When we were in the first university which I attended he was the editor in chief of the college magazine and I was its business manager. Therefore I had for years the opportunity of knowing him intimately, and I trust that no word will cross my lips which would be derogatory in the slightest degree to Hon. Mr. Sedgewick, now the chairman of that board, who is a man of character and ability. But I am not in sympathy with the idea of going to the bench for a man to head a tariff board, a railway concern or anything else. I think we make a great mistake when we do that. With regard to the other two members of the board I find that one was a strong Tory partisan in the province of Quebec, while I knew the third member both inside and outside of this house. I presume he occupies his present position merely because of certain services he rendered to the Conservative party while sitting in this house as a Progressive member.

Mr. WALSH: Would the hon. member permit me to make a suggestion? I feel perfectly sure that the hon. gentleman is confusing the member of the board from Quebec, to whom he made reference, with that gentleman's father. This is the son, who has never participated in politics in the province of Quebec.

Mr. YOUNG: I am just giving my views; the hon. member can make his remarks later. I have great sympathy indeed with the government, which had to present this serious matter to a board composed as this board is. What do we find? When the report is made it does not contain one reason why an increase in tariff should be given this industry. I am sure no hon. member of this house wishes to interfere in the slightest degree with any industry in this country, but here we find the report saying that if the tariff is increased it will not do the industry any good. They follow that statement by saying that the present condition is a result of the great mental shock received by the furniture industry when the tariff was lowered from 45 per cent to about 30 per cent. Surely, if that is so, a psychiatrist is needed to look after this industry rather than further tariff protection. Then the report says, as clearly as it could be said, that the present condition of the industry is due to the inefficiency of the organization, and those are the only two reasons that are advanced as to why there should be any increase in the tariff. If this matter had been considered by a tariff board holding the views presented by the Liberal party during the last election I am sure the conclusion of that board would have been very different.

Then the tariff board say, "We are going to keep our eye on the industry for the next two years." They have very long vision. This board are just seeking to lull us into forgetting that the time may come when the people of this country will rebel against this sort of thing; they just want to hold out that hope that they will keep an eye on the industry. What will be the effect of this change? To-day the industry enjoys more than ninety-seven per cent of the total business in Canada. Will this increase shut out the remaining two or three per cent? I think not, and even if it did, that would not be of very great interest to the furniture industry. Last year they sold furniture to the value of $23,000,000, while we imported furniture worth only $600,000. What effect will this

increase have? Will it raise the price to the consumer? If not, what is the purpose of the increase? There can be only one hope in the mind of the furniture producer, and that is that if he succeeds in excluding that three per cent which is imported, he may be able to increase prices to the consumer. I was not elected to support higher tariffs, and I protest in this house against the increase in this or any other tariff. I do not believe it is good for the industry, for the consumer, or for the country as a whole.

Then the tariff board said the furniture industry was embarrassed by the tariffs on the products they imported to be used in their own factories. Well, Mr. Chairman, if that be true surely the obvious thing to do is to give that industry relief by removing those barriers to trade, which increase the prices of the materials used in furniture manufacturing. If we do that we will help the furniture industry and we will also help the consumers of Canada.

I repeat that I really feel very sympathetic towards the government. The Minister of Finance told us that after all is said and done the government must take responsibility for this action, that the recommendation of the tariff board is not final, and he added that it took the government days of consideration before coming to this conclusion. Well, I should think it would.

Mr. DUNNING: No, I said the government gave the matter days of consideration.

Mr. YOUNG: Quite so, and I take it that this conclusion was arrived at after days of consideration. I am not surprised at that, because it is a conclusion that must have been very hard for my good friend the Minister of Finance and the other members of the government to reach. What is the situation? Under the practice that has been followed in the last few years, if a matter is referred to the tariff board it is rather awkward if the government does not accept the recommendations of that board. What is the board there for? Its purpose is to bring out the facts, and they found the facts in this case. The conclusion is the only thing with which I disagree. The facts are very clear, and I must congratulate the board on the way they have been brought out, but I do not think the evidence justified the recommendations that were made. I am opposed to the present method of tariff board investigation. In former days we had public inquiries; the evidence was taken down and a Hansard was published, so the people of this country had access to the evidence. I think that should be done to-day. Following that I think a report should be made to the Minister of Finance, and the recommendations of the board should be made available to the government, who must take the responsibility. To-day there is no Hansard of the evidence, but the recommendations of the board are made public. It is true that the evidence is laid on the table of the house, but it is not made available to the general public. That places the government in an awkward situation; unless they are prepared to accept those recommendations they may be fairly asked, "Well, why did you refer this matter to the board at all?"

I want to make a very strong protest against a Liberal government maintaining a group of men to investigate matters having to do with the fiscal policy of the country, which board holds views contrary to those of the party in power. When the people of this country elected the Liberal party they never expected that we would take our directions from a tariff board composed of three Conservatives. I want to make a strong protest against the retention of that board while the Liberal party is in power. As I said before, I want to be equally fair when the Liberal party is out of power. It would be reasonable to expect that another party would then select men to look into these matters who hold the same views as they hold. I am contenting myself to-day with the statement that the system is an embarrassing one, and should be removed. I am opposed to increases in tariff on this or on any other item. I believe all industry would be more beneficially helped by the removal of the restrictions on trade all along the line, so that all industries would be benefited thereby, and in addition the consumers of Canada would be very greatly helped.

I sincerely hope that after reflection the government may feel it wise to refer this matter back, even to the present board, to see whether it would not be the part of wisdom to have a further investigation and, let us trust, a proper conclusion from the facts which would be adduced.

Mr. MUTCH: Mr. Chairman, there is a time to speak and a time to be silent, but if possible on this particular occasion I should like to combine both those injunctions, because while I cannot be silent, at least I can be brief. I do not need to consult the oracle or retain counsel or go into committee with myself or obtain advice from any one in order to say to the committee that I am as much opposed to a Liberal government implementing the various ideas of a Tory tariff board as I was to the implementing of similar ideas by the right hon. gentleman who created it.

If I were to talk from now until the house rises I believe I could say no more than that, and I could not express more definitely than I have in the words I have used the fact that I am utterly and unalterably opposed to the proposal as it now stands.

Mr. DEACHMAN: Mr. Chairman, I rise merely to explain my own views on the item. I am opposed to tariff increases on furniture. I am opposed because I believe that tariffs lower real wages, and I am interested in the welfare and prosperity of the working man in Canada.

Mr. MacNICOL: That is the one man you are not interested in.

Mr. DEACHMAN: I am interested in the working men of Canada, not of one industry alone, but throughout the entire dominion. By that I mean everybody who works, whether he may work in a protected industry, in a sheltered industry, or in the production of products which must be sold on the open markets of the world.

I am opposed to the item because I believe it prevents the growth and development of industry. In proof of that statement I offer the fact that when tariffs in Canada have been lowered industry has prospered, and every time tariffs have been raised industry has gone on relief. I am opposed, because when a tariff rate is raised to a height greater than the wage content of the article itself, it tends definitely to cause unemployment, and an item such as that now introduced in the House of Commons is simply an act to promote unemployment.

I hold, further, that the only help for this and other industries is the development, under freedom, of the expansion of external and internal trade of the dominion. When the people of Canada have an opportunity to exchange their products without the restrictions which this government maintains, and a previous government established, there will be no cry of the hungry for bread; people will not walk the streets in idleness—there will be opportunity for industry.

Perhaps sometimes I have stated my case dogmatically, perhaps too bluntly. But I am delighted with the fairness which has been shown me by hon. members who differ from me, on both sides of the house. But I want to say to Liberals to-day that we are living in the year nineteen hundred and thirty-seven. This is the anniversary of a famous year. One hundred years ago the grandfather of the present leader of the Liberal party struck his stalwart blows for political liberty in Canada. The freedom which he then glimpsed has spread to wider fields. Freedom has increased, and broadened with the years.

Then stepped she down through town and field,
To mingle with the human race;
And part by part to men revealed
The glory of her face.

We have advanced in the way of religious tolerance. Even in my own time I can see the change of feeling which has come about in regard to these matters in Canada. There is the feeling that men are equal, that they have the right to feel and to express their own religious view. We have made progress in constitutional liberty; we can do practically what we want to do. Perhaps sometimes we may have to follow a roundabout road, but eventually we make our way, and we are going forward to still fuller constitutional freedom.

But to the Liberal party I make this appeal. Is it not now time to take up the great unfinished task, the movement for the expansion of economic liberty? Is that not worth while? We have the power to do so in the Liberal party to-day. We are overwhelmingly in the majority. We have the cause; we have freedom on our side; we have truth on our side and we have the people with us. Would this not be the time to face the problem and to expand economic freedom in a forward battle on every front? What a splendid cause! What a flag to put at the masthead!

Yet freedom! Yet, thy banner, torn
but flying
Streams, like the thunder storm,
against the wind.

Mr. McLEAN (Melfort): Mr. Chairman, for two very important reasons I should like to place myself on record with respect to the item of furniture, and the suggested increase in duty thereon. The first reason is that I believe it is an immoral action. An increase in tariffs at any time, on any subject and on any object the people of any country have to buy at a higher price or in a lesser quantity than otherwise possible is an immoral act, just as immoral as if someone were to come along and by his strength take a nickel out of my pocket. It would be difficult to get more, sometimes. In fact, it might be a miracle.

Mr. DUNNING: There is a coin smaller than a nickel.

Mr. McLEAN (Melfort): The aspect of tariff increase which appeals to me at this time is that it is an immoral action to add deliberately to the cost of goods consumed in any country, to add to the cost of production, and then constantly to increase and to pyramid those costs until you have the high figures we have had in Canada in the last few years, making it impossible for the man at the

bottom of the heap to reach up and to purchase the goods which have been so unnecessarily enhanced in cost.

One of the sad things is that the men who are getting the highest prices for their products are not in many cases getting as much in real wages as if industry had been left to stand on its own legs and at its own natural height, and to prosper or otherwise under the conditions obtaining in the country, by their own intelligence, initiative and skill. So that to step in and artificially increase prices is an immoral act. Many hon. members talk about industry as if it were only for the purpose of getting work for men. I do not think that is so, and I never held that view. I think the only excuse for industry of any kind is that it may produce in abundance goods which may be sold as cheaply as possible, so that the people as consumers may have as much as possible of the wealth they are able to produce.

Some hon. MEMBERS: Hear, hear.

Mr. McLEAN (Melfort): For the first time in their history, my hon. friends applaud me.

Mr. BLACKMORE: It is the first time you have seen the light.

Mr. McLEAN (Melfort): I agree with them that I am right. That wealth can be got only when it is produced in constantly increasing quantities and exchanged for the surplus production of others. It cannot be done by writing promissory notes issued by ourselves and payable to ourselves and never to be redeemed.

Mr. DUNNING: On a point of order, Mr. Chairman, I believe the rule is that the discussion should be confined to the item before the committee. Not only do I see ahead of us a general discussion on free trade versus protection, but I smell social credit. I submit it might be a good thing to call the committee to order at this time rather than later on.

Mr. PELLETIER: I suggest that that is a good reason why we should carry on.

The CHAIRMAN: I think the point of order raised by the minister is well taken. I ask hon. members to confine their remarks to the item under discussion.

Mr. McLEAN (Melfort): I have great pleasure in agreeing absolutely with you. I hope hon. members do not think I am insinuating that social credit is so extreme that the Minister of Finance can smell it at this distance.

Another reason why I object to this increase is my belief that it is an economic waste to increase the tariff on furniture at the present time. I shall give my reasons a little later. There are reasons why I should not take too much of the time of the committee. The house has always been very kind and patient with me and I do not want to embarrass anyone by talking too long. I do not want to weaken in any degree the speeches made by the hon. member for Moose Jaw (Mr. Ross), the hon. member for Marquette (Mr. Glen), the hon. member for Saskatoon (Mr. Young), the hon. member for Huron North (Mr. Deachman) and the hon. member for Winnipeg South (Mr. Mutch).

Mr. MacNICOL: The hon. member will not weaken them; they were weak enough.

Mr. McLEAN (Melfort): When the hon. member for Moose Jaw was speaking the other night, no hon. member opposite was able effectively to answer him, because he had the record in front of him.

Mr. SPENCE: He did not tell it all.

Mr. McLEAN (Melfort): No one would expect him to tell it all.

Mr. SPENCE: That is the unfair part of it.

Mr. McLEAN (Melfort): I am not going to take the few minutes at my disposal to tell it all. I do not intend to weaken the excellent speeches of these hon. gentlemen. I was in thorough agreement the other day with the leader of the opposition (Mr. Bennett) when he said that an opposition must check and watch closely any expenditures made and so on in order to see that the interests of the country are protected. But I also claim the privilege as a private member supporting the government to check certain things.

Mr. BENNETT: Opposition to the government.

Mr. McLEAN (Melfort): I do not feel the least bit embarrassed by the stand I am taking in connection with this higher impost on furniture. I have heard other members in similar circumstances say that it pained them to do so and so, but it does not bother me at all. I do not propose to declare my loyalty to the Liberal party, to the leader of the government or to the Minister of Finance; I do not have to prove that. At times in certain provincial legislatures the Liberal party has had to develop within itself opposition in an informal way in order to maintain parliamentary government where there was not sufficient opposition.

Mr. BENNETT: Alberta is an instance.

Mr. McLEAN (Melfort): When there is not sufficient opposition it behooves the members of the Liberal party to develop a type of opposition of that kind.

Mr. MacNICOL: We can take care of ourselves.

Mr. BENNETT: How will they vote? That is the question.

Mr. McLEAN (Melfort): I am not worrying about how the opposition will take care of themselves; I am worrying about how they take care of the country.

Mr. MacNICOL: We will do that in the next election.

Mr. McLEAN (Melfort): When the opposition is not sufficient, I consider it my duty to oppose whatever is not in the interests of the country. This is what is being done in Prince Edward Island, in Saskatchewan and in other provinces. I contend it is not wise to increase this protection at the present time, because increased protection is no remedy for the trouble facing the furniture industry. That is what the tariff board says, and although I have no faith in that board, at least some consideration should be given to their opinion. The troubles facing the furniture industry lie in maldistribution. The result has been that at the present time they are selling less furniture than was sold in 1929 and they are employing a smaller number of men in the industry.

The hon. member for Moose Jaw compared the action of the tariff board to a psychic bid. The hon. member for Saskatoon referred to psychiatrics. Not knowing the meaning of those terms, I am inclined to think they were referring to a physic, or perhaps a tonic. The tariff board may be telling us that the industry needs a physic, but I am convinced that what they need to do is to set their house in order. If they did not do that in the last seven years, there is not much chance of their doing it in the next two years. I support the assertion of the hon. member for Saskatoon as to having little faith in a policy suggested by the tariff board to this government. The suggestion to the government that this industry needs a little added protection reminds me of the fellow who was out all night, woke the next morning with a headache and wanted some of the hair of the dog that bit him so he could start out on another jamboree. If this industry did not see its way clear in the last few years to put its house in order, what hope is there that they will do this in the next two years? This tariff board is composed of some men whom I know and some whom I do not know, but I would not put it past them to be willing to create a situation which would be extremely embarrassing to this government in two years time.

Mr. BENNETT: That is very unfair.

Mr. McLEAN (Melfort): If this increase is put into effect on the assumption that it will be withdrawn in two years, what is going to happen if it is withdrawn? What is going to be said to those men who have been lobbying for a higher tariff?

Mr. BENNETT: Ask the Minister of Trade and Commerce (Mr. Euler).

Mr. McLEAN (Melfort): Certainly I will ask him. I might tell the leader of the opposition that I am always welcome to ask my leaders any questions I want to ask about things I do not understand.

Mr. BENNETT: Then they must be constantly employed.

Mr. McLEAN (Melfort): The leader of the opposition says that they must be constantly employed, but I would remind him that my leaders have never claimed to have the infinity of knowledge claimed by some gentlemen whom I know.

In connection with this item of furniture, since we are in a hurry to get through, I wish to point out briefly, so as not to delay the work of the house, that before protection of this kind was given to the industry in Great Britain it was told that it had to rationalize itself in order that it might be fit to live and not be a burden upon the people. I suggest that in order to avoid the difficult situation which will be evident two years from now, if this provision is allowed to run so long, the furniture industry—this great industry indigenous to Canada; with all or nearly all its supplies obtainable, usually cheaply, in this country; with sources of labour reasonably priced, in fact, according to the figures of the tariff board, low priced as compared with coloured labour in the southern States; with lumber available at a low rate, with transportation favourable, with skill and initiative and machinery of a high class available—this industry should be told to put its own house in order rather than come to the government and ask for further protection. I happen to know that for nearly ten years the problem of distribution or maldistribution has been worrying the brightest minds in the furniture business, and it seems to me that during that time, and particularly in the last five years, they should have gone a long way towards solving their own problems. To shut out the three per cent of furniture in consumption that is coming into

Canada from abroad is not going to help them; it is not going to give them wider knowledge of styles and of patterns to build to, and there is no reason why the people of this country should pay more for the furniture that many of them so badly need.

I would point this out in all sincerity, in perfect good faith, and without complaining too much about it. I would say to the Minister of Finance, seeing that my leader (Mr. Mackenzie King) is not here to be—is not here so that he may hear it—

Mr. BENNETT: Is not here to be instructed.

Mr. McLEAN (Melfort): Not "instructed," no—no one "instructs" me in the Liberal party, and I do not "instruct" anyone else.

Mr. BENNETT: Hear, hear.

Mr. McLEAN (Melfort): But there is no reason why I should not pass on my opinion by way of observation. During the past month or so, or since the budget was introduced, two recommendations have been made by two different bodies with regard to two specific articles. One is furniture. A recommendation was made by a tariff board which was appointed at a time when they were hostile to the political philosophy of what is now this government, appointed under the chairmanship of a very dignified gentleman, who, according to what the hon. member for Saskatoon (Mr. Young) says, is honourable and fine and capable, but a gentleman with a Tory mind in connection with economic things.

Mr. MacNICOL: Broad judgment.

Mr. McLEAN (Melfort): Broad judgment! I cannot see how anybody's judgment can be broad when he insists on narrowing and narrowing the pyramid of manufactured goods in this country until it comes to a peak, and someone sits on top of it, after ruining the business. In any case a board was appointed which is hostile to the present government; I have no reason to believe that they are anything but opposed to the philosophy publicly expressed by this party. They make recommendations at the last moment. The proposal is made that the recommendations be given effect before parliament prorogues. On the other hand a body of members of this house, a great majority of them friendly to the policy supported by this government and by the Liberal party, make recommendations which are extremely important to the people of Canada, yet there is no chance of putting them into effect at the present time. I do think that it would be better for all concerned if these two recommendations were not given effect. One is prejudicial to the interests of the common people of this country, although it is going to be put into effect, and the other is desirable in the interests of the great body of consumers, and should be adopted. But I know it is difficult to expect that, so I suggest that at any rate the other be left alone.

I do not wish to delay the committee any longer, but I record my protest against bringing in a tariff increase at this late date. It is not wise economically, it will not really help the industry because it is likely to encourage competition within the industry itself to a suicidal degree. I would point out that some branches of the industry have been tremendously profitable during the last ten years. I pause a moment, and no one denies that statement.

Mr. BENNETT: What? In the furniture business?

Mr. McLEAN (Melfort): In the furniture business.

Mr. EDWARDS: Would the hon. member name one of them?

Mr. McLEAN (Melfort): I will not give the name, but I will tell the hon. member where it is located and the authority on which I base my statement. Some of the leading industrialists in this house have told me quite clearly that in the province of Quebec there is a branch of the industry that has been established only fourteen years and in that time has piled up two million dollars of profits though at no time during that period was the tariff under thirty-five per cent.

Mr. SPENCE: It was done at the expense of the man who works in the factory, because they pay very low wages.

Mr. McLEAN (Melfort): Is that the reason the industry wants a higher tariff—so they can go on paying low wages?

Mr. SPENCE: That is only in Quebec.

Mr. McLEAN (Melfort): Do hon. members suppose that they are going to retain factories in Ontario if Quebec factories can turn out goods more economically and efficiently and sell them to the people at lower prices? Is it not clear to them that they are cutting their own throats when they ask for a higher tariff for a business of this kind, which is admitted by hon. members opposite to be going down? I have every sympathy with the workman engaged in this industry and with the owners of the plants, but I have a particular desire that the people

of this country shall get as large a supply of furniture as is available to them, of the best quality, and for the least expenditure of the products of their labour.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. WALSH: I had intended to reply to some of the remarks made on this item but I know that the chief purpose to-day is to provide ways and means of bringing the session to a close. I will therefore reserve what I have to say for some other occasion when the house will more readily appreciate my views on this subject.

Mr. PERLEY (Qu'Appelle): I will not take more than a minute or two. It has been interesting to listen to hon. members from the west in this miniature filibuster, which I understand is the final kick from a Liberal caucus. There are a number of items which I think they could, to better their purpose, have brought to the attention of their front benchers. A discussion of some of those subjects would have been of more avail than the remarks that have been made on this particular item. The farmers of the west are not so greatly interested in the duty on or the price of furniture at the present time because not many of them can afford to replace their old bedsteads, washstands and so on. But they are very much concerned about such an important item as sugar, for example.

The CHAIRMAN: Order. The hon. member must confine his remarks to the item before the committee.

Mr. PERLEY (Qu'Appelle): In the last day or two considerable latitude has been allowed in the discussion of certain items. I will be brief, and if I am out of order I suppose I cannot say anything further; but this is one particular item that is a considerable burden to the consumers.

The CHAIRMAN: I must insist that the hon. gentleman confine his remarks to the item under discussion.

Mr. BENNETT: I protest against this discrimination. It matters not whether this is the last hour of the last day of the session, I protest. An hon. member on the other side was permitted to traverse the whole subject of free trade and everything else, and now, when an hon member on this side gets up to make a few observations upon another item by way of comparison with the item which is before the committee, he is told that he is out of order. I propose to assert the rights of hon. members, and if a privilege is extended to one it must be accorded others. It does not rest with the chairman to treat hon. members with such discrimination.

The CHAIRMAN: I may say to the leader of the opposition that this morning I called the hon. member for Melfort to order. I do not think the right hon. gentleman was in his place—

Mr. BENNETT: I came in afterwards.

The CHAIRMAN: —when I gave my ruling.

Mr. BENNETT: I heard the hon. member for Melfort. I do not know what happened before I came in, but I know what happened afterwards.

Mr. McLEAN (Melfort): I must protest against that. On a question of privilege—

The CHAIRMAN: Order.

Mr. PERLEY (Qu'Appelle): With reference to this furniture item, I would say that the efforts—

Mr. BENNETT: Say it on the bill.

Mr. TUSTIN: Coming from a centre where the oldest furniture factory in the country is situated, I think I should bring certain facts to the attention of the committee. During this discussion we have heard a good deal about the forgotten man, the consumer, and the percentage of furniture that is imported into Canada. In 1929 we imported from the United States over $4,000,000 worth of furniture, approximately twenty-five per cent of what was sold in Canada during that year. In 1930 the tariff was increased and immediately importations began to decline, so that by the end of 1934 there was only $475,000 worth of furniture imported. There is no doubt that this reduction in furniture imports resulted in a great gain to the workmen in Canadian factories. In 1930 the tariff was raised to the highest level in the history of the country and notwithstanding that, the prices of furniture were reduced, and the reduction continued until 1935, when furniture was sold at forty-five per cent below the price that obtained when the tariff was at a lower rate. What do we find in 1936? In 1936 the present government reduced the tariff on furniture from forty-five per cent to twenty-seven per cent and immediately the prices of furniture began to increase, and to-day furniture dealers are telling their customers that the increase is likely to continue. In my opinion the tariff board has well considered this item.

Several attacks have been made upon the industry, and the manufacturers have been told to put their house in order. I can assure the committee that in the past five years they have been doing this. One hon. member said there were 404 furniture manufacturing concerns operating in Canada. That may be true, but in 1935, eighty-one factories in Canada manufactured ninety per cent of the furniture produced.

Let me call attention to the increase in importations during the last six months of 1936. In July of that year the increase amounted to 281 per cent; in August it was 180 per cent; in September, 144 per cent; in October, 137 per cent; in November, 151 per cent; and in December, 183 per cent. I think I am justified in saying that the tariff board has been well advised in the report it has submitted in connection with this item and I am glad to know that the Minister of Finance has the courage to back up the findings of the board.

Mr. COLDWELL: I have listened with a good deal of interest to the discussion on this furniture item. It is true perhaps that in the aggregate the increase in duty does not amount to very much but the principle involved is one in which, I believe, most of us, at least those of us from western Canada, are vitally interested. I listened carefully to the statement the Minister of Finance made the other evening. I notice that there has been a disposition to blame the tariff board, and while I am neither condemning nor condoning what the board has done it must not be forgotten that the minister said quite explicitly the other evening that the government was not bound to accept the recommendations or decisions of the tariff board. Consequently we cannot shift the responsibility for this particular provision on to the tariff board; the government must assume that responsibility.

Mr. DUNNING: It does.

Mr. COLDWELL: I do not know whether a motion would be in order for the reduction of the rate of duty in this item but that is something that we should consider, and I was hoping that someone on the other side of the house, where the protest might be construed as being more effective, would make such a motion. With regard to the wages paid in these highly protected industries, the inquiry that has just been concluded proves that wages do not go up when tariffs are increased and that in the highly protected industries—in the textile industry, for example—the scale of wages is low. While we realize that this may afford work in our factories for some who require it, in my travels around Canada—and I am not confining my remarks to western Canada—I find that the homes of the people are in a most deplorable condition. They need replenishing with furniture to meet the ordinary necessities of decent life. It was unfortunate, to put it mildly, that at this time this item should have been selected for an increase in the duty. I remind my western friends particularly of this, that in our discussions of wheat and wheat marketing especially, our protests on this point have been largely that our farmers have to sell in an unprotected market and buy in a protected market. That is the point I have made over and over again. I have felt that if tariffs were adjusted, my argument would be met to that extent. But here we find in the last days of the session the tariff on an item important to the consumers is being increased. I am tempted to move a motion, but I would rather see that motion come from the other side of the house. I am suggesting to those who have spoken in opposition to this increase that they bring the matter to an issue by moving an appropriate amendment to the item at this time.

Mr. DUNNING: In the short statement I made at the outset I indicated the reasons advanced by the tariff board with respect to this particular recommendation, and also the grounds upon which the government decided to recommend to the house the change here proposed. I have of course no objection to the criticisms of those who differ with respect to this item, although when the discussion branches into a general tariff argument perhaps I might be permitted to remind the critics behind me that this is the one item in some six hundred that have been before the house this session in connection with which any increase is proposed. I think it important to bear that in mind in passing judgment upon the government. As a matter of fact the reduction of a year ago on furniture, as I clearly pointed out at that time, was in consequence of extending to the United States, in the trade agreement then entered into with that country, most favoured foreign nation treatment, which made available to them automatically the provisions of the Canadian intermediate tariff all along the line. And not only that; it rendered available to them the provisions of the French treaty, which entailed a ten per cent reduction below the Canadian intermediate tariff on the item now under discussion. That came about by reason of the Canadian tariff structure as it existed at the time the Canada-United States trade agreement was entered into. At that time, I say again, this question was referred

to the tariff board, and what is the result? The result is that the duties imposed here to-day, the effective rates of duty against furniture entering this country from the United States, will still be 12 per cent below what they were one year ago on furniture coming from the same country. If one year ago the rate of duty in the intermediate column of the Canadian tariff had been the rate which is proposed here to-day, everyone would have regarded a 12 per cent reduction on furniture entering from the United States as a fairly satisfactory reduction. I think there is no dobut about that, because that was the attitude of the house with respect to many other items embodied in that agreement.

As the government of Canada we have to take into account the people engaged in manufacturing furniture, whether workmen or managers or whoever they may be, in just the same manner as we endeavour to give consideration to all other sections of the Canadian people. Now what do the government say? We find an admittedly disorganized industry. Following an examination by the tariff board we have a statement of facts brought out by the board with which I do not think anyone has quarrelled, although many have quarrelled with the conclusions drawn from those facts. I think that was the statement of the hon. member for Moose Jaw (Mr. Ross) and the hon. member for Saskatoon (Mr. Young) and others who have spoken. But there was a further recommendation, and a very important one, to which it is my duty to refer now. That is, having regard to the disorganized state of the industry, the lack of cooperation within it, the industry should be told, and is told in terms in the tariff board report, that it is necessary for it—the phrase "to put its house in order" has been used, but that is scarcely the correct phrase; I think it is correct rather to say it has been advised to apply those principles of cooperation within the industry which will enable it to resist influences without the industry which make it difficult for it to function successfully in this country, indigenous to Canada though it is, and one of our oldest industries, as has been said repeatedly. Those engaged in the furniture industry now know, as a result of what we are here doing, that they cannot sit back and presume that they can go on in the disorganized and non-cooperative way they are going on now. They know that the industry will again be reviewed, and I can undertake now on behalf of the government to say that the industry will again be reviewed, in the light of these decisions. Having regard to the state of the industry as revealed, and without discussing broad general principles of tariff and free trade and what ought to be done on the basis of principle, I am here and now discussing what I believe to be a practical problem relating to the livelihood of close to ten thousand Canadians. This industry ought to be able to succeed in this country. It is an industry which I believe can be made to succeed, and it should I think have reasonable time for adjustment on the basis of a twelve per cent reduction of the protection against the United States which they enjoyed one year ago.

Item agreed to.

Customs tariff—523-l. Woven fabrics, wholly of cotton, composed of yarns of counts of not less than 80 and not more than 99, including all such fabrics in which the average count of the warp and weft yarns is not less than 80 and not more than 99: British preferential tariff, 12½ per cent.

Mr. DUNNING: That is the last of the four amendments of which I spoke. This item is already carried as regards the British preference rate, under the agreement. The budget item added intermediate and general rates, but since these would have entailed unintended increases against other countries this motion is to restrict operation of the item itself to the British preferential rate. It is a similar case to the one I dealt with Thursday night.

Item agreed to.

4. Resolved,—That schedule B to the customs tariff be amended by striking thereout tariff items 1060 and 1063, the enumerations of goods and the rates of drawback of customs duties set opposite to each of the said items, and by inserting the following items, enumerations and rates of drawback of customs duties in said schedule B.—

Customs tariff—1060. Paper of all kinds, when used by the publisher or printer in Canada in the production of periodical publications enjoying second class mailing privileges, the pages of which are regularly bound, wire-stitched or otherwise fastened together: portion of duty (not including special duty or dumping duty) payable as drawback, 75 per cent.

Mr. BENNETT: I greatly regret that this item appears here. This is an increase from 50 to 75 per cent in the drawback on certain kinds of paper brought into Canada. One of Canada's chief exports is paper, newsprint and pulp from which paper is made. Instead of developing a Canadian industry that would supply our magazines with paper we are now told that the publisher of any magazine that is stitched or bound who desires to import this paper may secure a rebate of 75 per cent of all the duty thus paid upon that paper. This is injurious to Canadian trade;

it is unpatriotic in the extreme. It results in the raw material of Canada being sent to another country for the manufacture of something that is brought back into this country on the payment of 25 per cent of the duty, and it is limited in its applications to a few beneficiaries. Why those few beneficiaries, controlling large publications, should be singled out in this way for the purpose of securing a rebate no man has ever been able to say. The late Minister of Finance commenced it. The present government, faced with the loss of some six or seven hundred thousand dollars in revenue by reason of the treatment accorded magazines from the United States under the treaty, then sought, shall I say, to conciliate the interests that were opposed by giving them a 50 per cent drawback on the duties they paid on paper which in some instances is manufactured from raw material coming out of this country.

I protest against this drawback as injurious to Canadian trade and as holding out an invitation to others to claim the same sort of treatment, to which they have the same right. It is of no use to talk about the privileges that are enjoyed by magazines in other countries. The real truth is that in Canada, a great paper exporting country, we are not desirous of building up an industry that would produce the type of paper that is used in these magazines; we encourage the importation of the paper that is required and rebate 75 per cent of the duty thus paid. Would the minister say what is the rate of duty at the present time?

Mr. DUNNING: It is 22½ per cent and 32½ per cent, depending on whether or not it is calendered.

Mr. BENNETT: The highly calendered papers, of course, have the higher rate. The result is that only 25 per cent of that rate is paid, or about 8 per cent as the maximum and 5½ per cent as the minimum. In other words the Dominion of Canada, for handling this whole business, including the passing of the entries, the maintaining of the staff and the keeping of the accounts, is to receive a duty of about five per cent with respect to one type of paper and a maximum of about eight per cent if it is highly calendered. That is the position. Is that fair? Is it just? Is it conducive to the advancement of this dominion? Will it build up industry? Will it utilize our raw materials? Will it do other than promote the sending of our raw materials out of the country to be fabricated, giving employment to others, and its being then brought back to Canada?

[Mr. Bennett.]

Why is it done for a single type of magazine? At one time there were only about three people who utilized this type of paper. I do not know how many there may be now, and under our present system apparently we cannot get at who are the beneficiaries of these provisions. We can ask how much was allowed by way of rebate, and at the moment that is as far as we can go.

Mr. DUNNING: I can give that information.

Mr. BENNETT: Under the general regulations in connection with the disclosing of the business of individuals we have not given such details in times past with respect to rebates, and that is not singular to this government at all. I formed an opinion, which I will indicate to this committee one day, though not to-day, as to what should be done with respect to rebates. That there have been abuses in connection with them, every minister knows. That the difficulty of administering them is very great, every minister knows. That the proposal we made the other evening to limit the time within which rebates could be claimed would have some beneficial effect if adopted I think is now admitted by everyone familiar with the problem.

I can only express in the strongest possible terms, as I did last fall and as I did when this rebate was first proposed, my opposition to this procedure. No doubt that will invite criticism and violent attacks upon myself by the interests concerned, but I have no apology to offer for standing here and protesting against our raw material being sent out of this country and then brought back in finished form on the payment of a duty of five or eight per cent for one particular type of magazine produced in this country. This is not a revenue tariff; it does not pay the cost of maintaining the necessary services. It is contrary to what I regard as sound business, and certainly it is contrary to the best interests of this country. Certainly it was apparent in 1930, when we took off the rebate entirely, that if there was any assurance that purchases would be made from Canadian producers they would develop the manufacture of that type of paper. The late Howard Smith sent one of his men all the way up here to confer with the proprietors of the magazine affected for the purpose of endeavouring to provide that very thing, but they made it perfectly clear that they would prefer to buy the American paper, and as soon as there was a change of government they obtained a 50 per cent rebate. That was not enough; it is now proposed to increase that rebate to 75 per cent which, as I have pointed out, means that

instead of paying a tariff of 16 per cent on the importation of the highly calendered paper and 11 per cent on the less highly calendered type, they now pay only one-quarter of the amount of the tariff, amounting to five and a fraction per cent in the one case and eight and a fraction per cent in the other, which is not enough even to pay the cost of keeping the machine going.

Then they talk about poverty in that industry. The very issue of the magazine that contained a complaint against what was being done in Canada also contained an illustration showing that the magazine in question once had been housed in very small premises, which had grown until then it was housed in one of the most magnificent plants in America. Those illustrations appeared in the same issue in which complaints were made with regard to the duty, and that issue contained a further statement showing that the circulation had expanded until it had reached a quarter of a million copies every issue. Under those circumstances to say that the taxpayers of this country shall contribute in order that this concession may be extended to a limited number of persons is, I say, nothing more than favouritism of the worst type, and can be attributed only to one cause, a purely political one.

Mr. DUNNING: Well, Mr. Chairman, the facts are not quite as stated by the right hon. gentleman. The magazines affected by this item, which was fully discussed a year ago, have no tariff protection. This is not being proposed, nor was it proposed a year ago, for the benefit of any one magazine publisher.

Mr. BENNETT: I said a type of magazine.

Mr. DUNNING: With respect to the argument that this commodity is partly manufactured in Canada, shipped to the United States and then brought back by the publishers of magazines in Canada under a drawback, the best evidence I can offer is the amount of drawbacks paid last year. That represents what the leader of the opposition calls the cost to the Canadian people, and that cost was exactly $662.59. This will indicate to the committee the extent to which the magazines in this class purchased American paper.

The problem is one which is well known to the house. As a matter of policy, magazines, newspapers and so on are free. The United States competitor of the Canadian magazine can and does enter this country without payment of duty. An effort was made a year ago, therefore, so far as possible to reduce the bearing of duties upon the raw materials entering into the production of Canadian magazines, of which paper is a very important element. During the year it has been gratifying to find that the Canadian producers of this class of paper—and it must be remembered that this is not the newsprint section of the industry, but rather the magazine paper section, a section of the industry which does not export its product to any extent—in spite of the drawback provided last session, still continues to provide paper for Canadian magazines. A careful study of the matter leads me to the belief that the Canadian paper industry will continue to supply this high grade magazine paper, even with the increased drawback here provided. As I indicated in the budget speech, the industry is recovering. The development in connection with the manufacturing of this class of paper is a worth-while accomplishment on the part of the Canadian paper industry, and I do not believe it will be injuriously affected by increasing this drawback in favour of an industry which has no tariff whatsoever as against competing magazines entering the country from the United States.

That is all I can say about it. I have nothing to say regarding the attack made on the leader of the opposition with respect to the matter. He might have said with equal truth that strong attacks were made upon me with respect to another phase of the same problem. Those attacks have not lessened during the past year. I have endeavoured, as I am sure he would have had he been in my place, to meet the situation without regard to any personal attacks. One can only do one's public duty by endeavouring so far as possible to ignore that sort of thing. I deprecate fully as much as he does any attacks which may have been made, but I do not believe there will be any injury to the Canadian paper industry by the enactment of this increased drawback. I believe it is a measure of justice with respect to the production of articles, to wit, magazines of this class, which as I have said have no protection whatsoever by way of tariffs against their United States competitors.

Mr. BENNETT: Whatever else may have been said the minister has now proved conclusively my argument. First, there has been practically no importation, and the drawback amounted to less than a thousand dollars; secondly, Canadian magazines have utilized Canadian manufactured paper for their necessities. Ergo, why increase the drawback? For one purpose, namely to increase the importations of paper from the United States.

Mr. DUNNING: Not at all.

Mr. BENNETT: It does not require much mathematical power to leave that as the only conclusion which can be drawn. Why is it being done at all? If no good purpose is to be served by it, if it does not diminish by a single ton the use of Canadian paper, and if it is not to increase by a single ton the importations, why increase the drawback?

Mr. DUNNING: My right hon. friend knows the answer.

Mr. BENNETT: No, I do not. When the minister was making his statement I said, "I cannot understand" and I say to this committee that I cannot understand why he is increasing the drawback, unless the purpose be either to increase importations or to lessen Canadian production. There is no increase in the drawback payable to the importer unless he imports more. Why should we encourage the use of foreign paper when the drawback amounted to less than a thousand dollars? It is difficult for me to understand, because it amounted to many thousands of dollars under the old rule, which was fifty per cent. We all know why the 50 per cent did not bring about results. We know that under the N.R.A. and other considerations which applied to the cost of manufacturing paper in the United States, even with the drawback of 50 per cent the incentive was not sufficient to bring it in in large quantities. Now we are to increase the incentive. The minister now says, "Of course it is because Canadian magazines have no protection." Well, we shot up their circulation in this country by half a million copies. Now they are back to where they were before, with all that involves in shaping, moulding and developing the national character of Canadians. Not only that; the effect of advertising upon the national life of Canada must also be considered. I cannot understand why this is being done, unless it be for one purpose, namely, to increase the quantity imported.

Mr. DUNNING: Perhaps I might answer by mentioning what was stated to be the object of applying for a tariff decrease in a commodity of this kind. The purpose is to have available the competitive price factor when they are bargaining with Canadian producers. That is the real element. Those asking for concessions in connection with this commodity made no secret of their objective. They did not desire to import the commodity, but they did desire to have a competitive price factor which would operate in relation to their purchases from Canadian mills. I have no doubt at all that that is the fact. It is a tribute to the technique of the Canadian industry that it has been trying during the past five or six years so to develop their processes in connection with the higher grades of paper as to make it possible for them to supply Canadian magazines and other requirements of high grade paper.

[Mr. Dunning.]

Item agreed to.

Customs tariff—1063. Materials, including all parts, when used in the production of engines for use exclusively in the equipment of aircraft: portion of duty (not including special duty or dumping duty) payable as drawback, 60 per cent.

Mr. BENNETT: I hope the minister will realize how desirable it is that we in Canada should at the earliest possible moment begin to think in terms of production in our own country of not only aeroplane engines but also their parts. If those who have followed the story of Russian economy would be good enough to search their memories they would recollect that the first thing Russia did was to begin to manufacture tractors and engines, implements and instruments of production that might be necessary in the development of the defence of their country. I had intended to mention this point when the minister reached another item, but I can do so now. I think we should bear in mind the possibility of manufacturing to the maximum in Canada the commodities essential to the development of our own self-reliance—I believe that word covers what I have in mind.

Mr. MACKENZIE (Vancouver): I can say that that is being carefully considered.

Mr. STEVENS: I believe under this item I would be justified and in order if I were to bring to the attention of the Minister of Finance and also the Minister of National Revenue a matter I have previously discussed. I refer to the practice of invoking the protection of a patent in order to prevent the importation of goods on which a royalty has already been paid in a foreign country. Apparently the goods have been brought in under the customs laws without any violation thereof. I have in my hand a letter I received this morning supporting the view which on several occasions I have brought to the attention of the house. This is a letter from the Retail Merchants' Association of Canada, Saskatchewan provincial board. It is addressed to me under date of April 7, 1937, and is signed by Mr. McQuarrie, the provincial secretary. It reads:

We are very much interested in the fact that you raised the question of the bringing of electric apparatus into Canada from the United States.

We have one of our members here who is being pressed by Messrs. Smart and Biggar, Ottawa, barristers and solicitors for Thermionics Limited.

Our member has brought in from a firm in Chicago radio tubes, and Thermionics Limited through their solicitors Smart and Biggar claim that his action in so doing is an infringement on the patent rights of Thermionics Limited.

Thermionics Limited, through Smart and Biggar, are insisting on our member furnishing them with a statement of the number of tubes imported and sold and the number of which our member has still on hand. They state they are willing to settle this matter as far as past infringements are concerned if our member will pay damages at the rate of 10 cents per tube on tubes sold. They are asking our member to deliver to Smart and Biggar or to Thermionics Limited at 159 Bay Street, Toronto, all the tubes that he has on hand and to sign the following undertaking:

Undertaking

In consideration of a settlement of damages for past infringement accepted by Thermionics Limited, I hereby undertake that I will not hereafter, during the life of the said patents, infringe any of the patents as set forth in the enclosed notice.

Dated at , Saskatchewan, this day of March, 1937.

.....

In the presence of:

.....

Now, Mr. Stevens, since Thermionics Limited are pressing our member for a settlement at once, I would be glad to hear from you by an early return of mail if there is likely to be any amendment to the present act or any changes in the regulation which will permit our member to dispose of the stock he has which consists of over 200 imported tubes, provided he pays Thermionics Limited 10 cents per tube either now or when these tubes he has on hand are sold.

There are two or three points I should like to bring to the attention of the committee. First, along with a score of other countries we are a party to a convention dealing with patents and copyrights. Under this convention any invention in Canada or in the United States or any other member country is patented in the various countries and protection is given to the patentee. The patent laws surround the patent with assurance of security and of right which I think is quite ample. If goods are manufactured in a country where the patent is effective and if a royalty has been paid upon them, I submit it should be possible for those goods to move freely between the countries in which such patent rights are established.

Mr. DUNNING: The royalty already having become a part of the price.

Mr. STEVENS: Absolutely, and the importer having paid a duty upon the manufactured cost, plus the royalty. I want to make this as clear as I can. I am not attacking the protection of patents. I am simply saying that a merchant in Canada should have the right to buy goods where he likes as long as he buys them lawfully and enters them for duty at the fair market value and otherwise complies with our customs law. To say that the moment these goods cross the border another royalty must be paid—in this case ten cents per tube—is in my opinion going entirely beyond the powers granted under the patent laws. If that is their right under the Patent Act, then my contention is—I contended this last year and the year before—that it should be rectified. This is not an isolated case. I brought this matter up in 1935; I had it up last year and I dealt with it also earlier in the present session. I have received a number of letters about it.

How can these little merchants stand up against a large combination? In connection with electrical equipment, there are five firms banded together: Northern Electric, Canadian General Electric, Westinghouse, and two others, the names of which escape me at the moment. This combination has retained firms of lawyers throughout Canada, not as individuals but as a collective body having a corporation name which escapes me at the moment, to watch these merchants and send out mandatory letters making demands of the kind indicated in the letter I have read. I appeal to the government to review the whole matter before the next session of parliament and to amend the law as it should be amended. My opinion, which I offer with considerable hesitancy, is that neither the patent law, the customs act nor any other statute of Canada warrants the action indicated in this letter.

Mr. DUNNING: I have considerable sympathy with the submission of the hon. member for Kootenay East (Mr. Stevens). In so far as the case he cites is typical of others, and he assures me it is, there would seem to be something calling for a remedy. I am not speaking with authority on the state of the law or upon the administration thereof. I am sure the Minister of National Revenue, who has to do with the customs end of the matter, will be able to give some information. In any event the hon. member has rendered a service by placing on Hansard the particulars of a specific case.

Mr. ILSLEY: I do not intend to go into this matter at all fully, because this is really a question of patent law, not one concerning tariffs or customs administration. I would say that the holders of patents in Canada are within their rights in preventing the importation from the United States or any other country of patented articles for use in this country. For an importer to import patented articles, for sale or use in this country, is a violation and infringement of the patent held by the patentee in this country. Whether the

patentee makes an unconscionable use of the monopoly which he has under his patent is another question. My impression is that there are provisions in the Patent Act covering this matter.

Mr. BENNETT: Three sections.

Mr. ILSLEY: Which afford certain remedies.

Mr. BENNETT: Including the cancellation of the patent if necessary.

Mr. ILSLEY: I agree with what the Minister of Finance says. I think there is something in the act referring to these radios and tubes. I shall undertake to discuss this matter with the Secretary of State (Mr. Rinfret) who administers the patent law.

Mr. BENNETT: I am not going to trespass upon the time of the committee except to point out that the conditions to which reference has been made have been closely examined. I recall being interested in an enterprise which it was alleged was violating a patent secured in the United States and Canada. As the particular commodity had been bought and paid for in the United States, I took the same view as has been expressed in this chamber, that it should not be subject to royalty. However, on looking up the matter I found that that was not the case because the right was given only with respect to production of the commodity in the United States and did not cover its production in other than the United States; accordingly we settled and paid up. The position with respect to radio tubes is just that. When they are patented in the United States and patented in Canada, the payment of a royalty in the United States is part of the cost which is paid out by the manufacturer when the articles come into this country. That does not give the patent any validity nor does it in any sense confer upon the importer immunity from royalty, because Canada and the United States are two different countries. It is covered not by our law but by an international convention, unfortunately, and it will be found by looking at either the Hague or the Geneva convention—I am not quite sure where the last meeting took place—that it deals with this situation. In our patent law, however, are two provisions which are in the standard law approved by the convention. One is that one must begin to manufacture the article in question within a given time if one is to preserve his patent. The second, to which the minister referred, is that if there has been what may be regarded as an unconscionable use, notice may be given and steps may be taken that will entirely cancel the patent itself, and it may then be freely used. Those provisions are easily set in operation and, I think, are comprised in three or four sections towards the end of the act—that is, the statute recently passed, not the old revised statute; my hon. friend has the old act, the one passed a few sessions ago. It does seem that the payment of two royalties should be unnecessary. That is why provision is made for the protection in the country in which the patent is granted of the patented article within a time limited.

Some will recall, no doubt, the observations of Mr. Lloyd George with respect to this matter during the progress of the war. The question of the protection of patent rights in countries other than that in which the patent was issued became at one time a very important matter of discussion. The international convention deals with it, and our statute follows the convention. The other phase is quite clear. The granting of an exclusive right in Paraguay does not confer as of right a monopoly in Canada, and the payment of a royalty in France on a patented article produced there does not in any sense render the person who has it in his possession in this country immune from payment for the use of that patented article, the royalty being one that must be fixed, as the minister has said, under conditions that are provided for in the statute. I know to my sorrow what the law is, because an enterprise in which I was interested had to pay under just those circumstances, although for years it had been using the patented article, the royalty in the United States for the patent having been paid, of course, as part of the purchase price asked by the manufacturer when he sold it. Of course he did not get anything out of it; he merely collected the money and handed it on to the owner of the patent.

That is the position with respect to the law. It may be that it could be modified by common consent, but as it now stands the international convention provides that each country which is a sovereign country,—using the word in the broad sense—may issue patents; when those patents are issued they confer rights with respect to which every country has certain powers through its parliament or legislature to deal. But payment of royalty in one country does not and cannot relieve the person in possession of a given patented commodity from responsibility for a royalty in the country in which he is using it.

Mr. STEVENS: I certainly am not going to dispute any question of law either with the minister or with the leader of the opposition (Mr. Bennett), but I contend that there is an obvious inequality about the matter.

Will the minister think for a moment of this? Assume that this argument is correct. We import every year millions of dollars worth of binders and other farm implements, sometimes to the extent of forty million dollars in one year. One class of these implements is the binder, which has perhaps a dozen or more different specific patented items in its make-up. Can it be argued that because those patents are fixed in the United States and in Canada we cannot import from the United States a binder or any other farm implement containing patented parts? The only reason these people are getting away with what they are doing is that they are five great corporations which have associated themselves together. They are powerful, they are exclusive in that particular line, and so they can impose their will upon the people. This applies to binders, to adding machines, to typewriters, to almost every article which is a subject of commercial transaction, yet as far as I know the article under discussion is the only type of manufactured article which is subject to this condition. In my opinion these firms are imposing unfairly and unjustly their will upon the people. I will say more: two years ago I demonstrated that in this city of Ottawa retailers were able to purchase from the United States incandescent lamps, pay the royalty over there, pay the regular price, import them, pay the duty, and sell them here at thirty to forty per cent less than the price at which Canadian manufactured lamps were being sold at in Canada. In regard to these tubes the same proportionate increase of price to the consumer obtains. To anybody who knows the business, the price that is being paid by Canadians for radio tubes is a scandal.

An hon. MEMBER: The same is true of bulbs.

Mr. STEVENS: And bulbs. Is parliament going to be satisfied with a statement that the patent law says thus and so? Are we to throw up our hands and do nothing, when if that doctrine were applied straight along the line you would shut out every machine that contains a patented part?

Mr. BENNETT: Not so.

Mr. STEVENS: Well, substantially.

Mr. BENNETT: No, no.

Mr. STEVENS: Substantially so.

Mr. BENNETT: No, not even that. If the hon. member wants me to explain, I will do so in one minute.

Mr. STEVENS: I am not arguing about the law; I am arguing against the unfairness and injustice of the thing. I have said over and over again that I do not offer my opinion as to the law, nor have I ever done so. But I say the thing is grossly unjust.

Mr. VIEN: What is the remedy?

Mr. STEVENS: The remedy, I submit, is under the Patent Act: it is for the government to bring the matter to the exchequer court or whatever is the proper authority, call attention to the imposition of these extra charges and the refusal of these people to permit importation, and to cancel the patent or deal with it under the Patent Act. I submit that those particular clauses in the Patent Act, with which I am thoroughly familiar, are intended to prevent the manufacture in Canada of these articles. I think a close study will indicate that.

Mr. BENNETT: Just the opposite.

Mr. ILSLEY: It is a well-established principle that importation for use or sale of an article patented in Canada is an infringement of the Canadian patent.

Mr. STEVENS: Then I say it is time that the law was changed.

Mr. ILSLEY: It has always been that way.

Mr. STEVENS: That it has always been so is no reason why it should remain so.

Mr. ILSLEY: If I took the time of the committee for a few moments I would point out that a patent otherwise would be practically valueless.

Mr. BENNET: Certainly. There would be no patent without it.

Mr. STEVENS: I do not agree with that, because it lays itself open to the doubts to which I have referred. Nobody can dispute that with regard to electrical equipment for automobiles, various other electrical machinery, incandescent lights, radio tubes and parts —particularly in that field—right down the line the people of this country are paying unfairly high prices, and it is all due to the alleged rights under the Patent Act. I am not quarrelling with the interpretation of the law as given by the minister and the leader of the opposition, but I say it calls for attention by the government. Steps should be taken to see to it that merchants may enjoy some degree of protection, and, the consumer particularly, some measure of fair treatment in the matter of prices.

Mr. BENNETT: When I interrupted the hon. member for Kootenay East (Mr. Stevens) it was with no desire to interfere with his speech, but he had overlooked the one fact

which governs the whole matter, namely the licence from the patentee. If the licence which was granted covers Canada, then the matter ends, because no further royalty can be collected, the licence having been granted, and all farm machinery and everything else is subject to the fact that the patentee has licensed the use and received payment therefor in every country in which the export trade takes place. We have therefore no difficulty. As a matter of fact we went to law about it. We realized that it was necessary to settle the matter for this reason. No licence had been obtained from the owner of the patent to use his patent in Canada, and, as the minister has pointed out, until that is done its use here is an infringement of the terms of the patent. All that has to be done is for us to insist when buying in the United States that these goods are guaranteed against the payment of any further royalty with respect to patents. Some buyers are now realizing that and taking steps to protect themselves. All you have to do is to get from the vendor an assurance in proper form if necessary that these goods are subject to no further payment of royalty in Canada or elsewhere, and for that the licencee usually has to pay. But when he does pay, that ends it. I could mention dozens of instances, apart from agricultural implements, in which the patentees have disposed of their rights over licences, naming the countries—England, France, Canada and so on. But if you make no arrangement for the use of the patent in this country, then to bring it in here is an infringement of the patent. All that is necessary is for the retail merchants and others concerned to get a satisfactory assurance from those from whom they buy that the use of the patented articles in the production of the commodity are not subject to the payment of further royalty.

Item agreed to.

SPECIAL WAR REVENUE ACT

Resolved, That it is expedient to introduce a measure to amend the Special War Revenue Act, chapter one hundred and seventy-nine of the revised statutes of Canada 1927, and amendments thereto and to provide—

1. That schedule III to the said act, being the list of articles exempted from the consumption or sales tax be amended as follows:

(a) by striking out the paragraph reading as follows:

"Fire brick, containing not less than ninety per cent of silica; magnesite fire brick or chrome fire brick; other fire brick when for use exclusively in the construction or repair of a furnace, kiln or other equipment of a manufacturing establishment, and articles and materials to be used exclusively in the manufacture of such fire brick; materials, not to include plant equipment, consumed in the manufacture or production, and which enter directly into the cost of the manufacture of such fire brick";

and substituting therefor the following:

"Fire brick, plastic refractories, high temperature cement, fire clay and other refractory materials for use exclusively in the construction or repair of a furnace, kiln or other equipment of a manufacturing establishment, and materials to be used or consumed exclusively in the manufacture or production of such fire brick or refractory materials."

(b) by striking out the item reading as follows:

"grain or seed cleaning machines;"

and substituting therefor the following:

"grain or seed cleaning machines and complete parts therefor;"

(c) by adding to the said schedule the following:

"Raw and salted hides;

Photographs, paintings, pastels, drawings and other art work and illustrations of all kinds, whether originals, copies or proofs, and printing plates made to reproduce the same for use exclusively as non-advertising news pictures or for illustrating non-advertising articles or stories in periodical publications enjoying second-class mailing privileges, the pages of which are regularly bound, wire stitched or otherwise fastened together;

Materials used as ingredients in canned fish;

Goods enumerated in customs tariff items 236B and 698."

2. That any enactment founded on paragraph one of this resolution shall be deemed to have come into force on the twenty-sixth day of February, one thousand nine hundred and thirty-seven, and to have applied to all goods imported or taken out of warehouse for consumption on and after that day and to have applied to goods previously imported for which no entry for consumption was made before that date.

3. That subsection four of section eighty-six of the said act be amended by deleting the word "six" and substituting therefor the word "eight."

4. That any enactment founded on paragraph three of this resolution shall be deemed to have come into force on the second day of May, one thousand nine hundred and thirty-six.

Mr. BENNETT: I wonder if it is too late to say a word with respect to a matter brought to my attention in connection with these income tax resolutions. Why should widows have exemption only for one child?

Mr. DUNNING: These are not income tax resolutions.

Mr. BENNETT: Then I cannot discuss the matter. I might, however, be allowed to make this observation. A widow wrote to me the other day stating a case of extreme hardship. She has three children and gets exemption for one. I did not know that was the law, I must confess.

Mr. DUNNING: It is new to me. A note will be made of it.

Resolution reported, read the second time and concurred in.

EXCISE ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Act, 1934, to give statutory authority to the validation fee of twenty cents per proof gallon upon spirits exported, which was imposed by regulation approved by order in council dated the second day of December, 1933; and that any enactment founded on this resolution shall be deemed to have come into force on the second day of December, one thousand nine hundred and thirty-three.

Mr. BENNETT: Perhaps the minister will explain this.

Mr. ILSLEY: In 1933, I believe, what was called a validation fee of 20 cents per gallon was imposed upon spirits for export, and a very substantial sum has been collected under it. It has been suggested that the validation fee was not regularly imposed upon spirits for export and it has been decided to validate it by legislation. That is the resolution.

Mr. BENNETT: What was alleged to be the difficulty? As I remember, the law officers were certain about it, and the form of certificate was approved by the exporters themselves because it gave authenticity to their product and they utilized it in the sale of that product in foreign markets.

Mr. ILSLEY: It is suggested that the minister under his power to make regulations has not the power to impose what is alleged to be an export tax. The fee is twenty cents, which is out of line with the cost of the service performed, and it is therefore argued that this is not a fee for certifying export entries, but is in effect an export tax.

Mr. STEVENS: Is this resolution reflected in Bill 119?

Mr. ILSLEY: Yes.

Mr. STEVENS: It will be discussed when we come to the bill?

Mr. ILSLEY: Yes.

Mr. STEVENS: And it is retroactive?

Mr. ILSLEY: Yes.

Resolution reported, read the second time and concurred in. Mr. Dunning thereupon moved for leave to introduce Bill No. 121, to amend the Customs Tariff.

Motion agreed to and bill read the first time.

CUSTOMS TARIFF AMENDMENT

Hon. CHARLES A. DUNNING (Minister of Finance): With the consent of the house I should like to move that Bill No. 121, to amend the customs tariff, be now read the second time.

Mr. DAVID SPENCE (Parkdale): I understand that on this motion I was to be given the privilege of making a few remarks in connection with an item in ways and means which I intended to oppose. Yesterday the Prime Minister (Mr. Mackenzie King) agreed to that.

Mr. DUNNING: If it relates to the tariff.

Mr. SPENCE: What I wish to refer to is the appointment of Mr. C. P. Blair for the revision of the Customs Act. I am utterly opposed to any more technical appointments in the customs department. There are enough of them to-day to upset the whole business world, and now we are injecting another one for the purpose of putting into force harassing and conniving schemes in connection with a bill such as the one that came before the house the other day. It received its first reading on March 31, and the second and third readings on April 2, without any knowledge on the part of the people interested in it. When the Minister of National Revenue (Mr. Ilsley) was in the committee of the senate piloting it through he had his technical men and also the man who is employed continually by the senate, who advises as to and frames their legislation. What chance has the public against an army of people of that kind?

The bill to which I refer is to amend the Customs Act, and it affects particularly the fruit and vegetable industry. I was connected with that industry for forty years, from 1895 until a few years ago, and I know something of what I am talking about. Even back in 1895 the customs house was domineering and autocratic. I shall give some instances of the treatment people get when they attempt to do business with the customs house. I am not condemning the present minister or any minister, but I am condemning the men who are to-day running the country, and they are not the minister or this government. Everyone knows that people in the wholesale fruit business cannot buy stuff and sell it subject to change of duties. That was done during the war, but the day is over when you must mark every item you sell "subject to change of tariff." The trade I represent has been ridiculed in this house. Someone said some promoter was instigating the demand we are making for return of duties to which the trade all over Canada are entitled, and it amounts

to a considerable sum. But it does not make any difference whether it is $50,000 or $50,000,000, if they are justified in getting refunds, as I think they are, the government should at least make a fair proposal. If they have not sufficient money to pay their debts, they should do the same as any other trader—call a meeting of their creditors and offer them at least fifty cents on the dollar, and not put them out of business altogether; because that is what the government are doing. There are many voices from all sides of the house to speak for the big interests, but there is no one who understands the small man in that business I have been in. We are looked on as a bunch of pirates, but the pirates are not in our business; they are in the customs house. You cannot talk to customs appraisers; they run the whole show; they know more than the minister. We are not opposing dumping duties but we are opposing the unethical application of the dumping duties which has caused us so much loss and worry. We all realize that during the hard times we had to have dumping duties, because the price of everything was so low. The producer was losing money; he could not produce for the price he was getting, so that something had to be done. Unfortunately that came at the time my honoured leader was in power.

Now, I shall cut my remarks very short. I have been trying to cooperate with the government to get through with the business of the session. I have sat here two or three days when I might have been talking and while others were talking for hours, but I do not wish to be talking all the time. What the technical men in the customs department are doing to-day is continually devising ways and means of depriving the people of their just rights, as shown by this bill to amend the Customs Act. I do not think that is their duty. The minister introduced this bill on March 31. Just before that time there was a resolution read that no one could understand except a Philadelphia lawyer, and perhaps the minister himself. The bill was read the first time on March 31 and the second time on April 2, and the people interested knew nothing about it until they read the report in the press on the following Saturday morning. Is that a fair state of things, after the government had given the wholesale fruit trade all over Canada a fiat to sue, and arranged with them for only two people to be selected to sue the government? The suit is now in the courts in Ottawa. They have been dilly-dallying there for the last nine months in order to give this government, or the minister, whoever did it, the opportunity to put through a bill which should not have been introduced. It should be beneath the minister's dignity to deprive people of their just rights.

A statement was made in this house that a promoter was behind this whole proposition. Mr. McKitrick is paid a salary. We have been fighting the customs house for so many years that the individuals concerned got sick and tired of it and engaged a man to fight for them. The same applies to the railways; he looks after dumping duties and railway freight rebates as well. So he has a big job, and he knows his job. The Minister of National Revenue would not have beaten him in the senate committee had the senate committee known as much about it as I know; nor do I think it would have gone through this house if hon. members had known the purport of the thing, because I think most people want fair play.

It was also stated in this house that these illegally collected taxes had been passed on to the consumer. That is denied by the importers all over Canada, and I specifically deny it. If there were only one dealer or importer in a city or town he might take advantage of the situation, but in this business your neighbour does not let you. The fruit business has to be handled hurriedly; you buy the stuff in the morning and you are through at noon.

What we are kicking about so much is the amended entries. They are something horrible. Let me give an instance, but before doing so I want to tell what is happening. Legislation of this kind condones the usurpation by departmental officials of the powers of parliament and of the governor in council in connection with the tariff. It usurps the normal functions of the courts, and it is made retroactive, which makes it much worse. That is what we are opposing—retroactive legislation.

Now I will give instances of what has been happening in the last thirty-five years in connection with this business. One concerns a car of stuff which was bought; two months afterwards customs demanded an amended entry and collected $150, and a week after that they came along again for another $30. You simply have to pay, under protest, or the next time you have a car on the track they lock the door and tell you to take a walk. I know another instance of a car of tomatoes on the track at Toronto esplanade. They arrived in bad condition. Under those circumstances the importer loses about twenty per cent, the first loss, and the government takes the greater part after that. This car was on the track and they were trying to

fix it up. Along came the city department of health and condemned five hundred cases, confiscated them and took them to the dump, yet the man who had imported the stuff was forced to pay five cents a pound dumping duty and the ordinary duty, and never got a cent back. Is that a fair deal? The customs houses have put more people in their graves and driven more people out of business in the last twenty-five years than the great war. Some people are thinking it is time to burn them down. It is not the fault of the government; it is the fault of the customs administration.

Let me give another instance. It was beween 1930 and 1935, I believe, but it does not matter when it happened, because it is never known by the minister. An order—they call it a bulletin—went out to put the dumping duty on tomatoes, I think about June 15. As a rule the dealers govern their action accordingly when they are told the dumping duty is going on. Unfortunately they loaded up the tracks in Toronto with a great many cars; one man had thirty cars. To-day he is out of business, without a dollar to his name, and we can thank the customs people for that. While I do not approve of anyone taking advantage of the dumping duty if they know it is coming on, at the same time the government should not have cancelled the imposition of that duty, which was supposed to be applied that day. I wonder if the minister would kindly listen to me. I am trying to interest him more than anyone else.

Mr. DUNNING: It is the Minister of National Revenue who is concerned.

Mr. SPENCE: The Minister of Finance may not think it worth while listening to me, but I want to give him some information of which he is probably not aware.

Mr. DUNNING: I am sure the hon. member is always worth listening to, but I understood him to be addressing his remarks to the Minister of National Revenue.

Mr. SPENCE: I want the Minister of Finance to listen too, because some day we might have to talk to him. When the fifteen day period was up and the time arrived for the application of the dumping duty, the man who sends out the bulletins changed his mind and extended the time for another fifteen days. That is the person we are blaming for the big losses on the track at that time, when the large number of cars was brought in.

Mr. DUNNING: That was not under this government.

Mr. SPENCE: It does not make any difference. It is not the government that is to blame; it is the person who sends out the bulletins. I am not blaming this government, though it is going back to the old method of administration.

In the old days we were forced to take, say, ten cases of cabbage, costing probably from $3.50 to $7, though it did not matter what they cost, up to the examining warehouse. We were allowed to take them there but we were never allowed to bring them home; red tape prevented that. They would keep them there until, as the saying is, they were as yellow as a duck's foot, and then we would either have to dump them or sell them to some cheap restaurant at a loss of perhaps $30. The same thing applied to beans and every other commodity. In those days there were no California grapes; all our grapes came from Malaga, in Spain. The Malaga grapes were brought in by the Allan line from Liverpool in two or three hundred keg lots. You would be asked to send up ten kegs of grapes, and they would be kept there for a week, until everybody in the customs house had carried home baskets full. When you got back your ten kegs there would not be enough left in them to fill two kegs, which would mean another loss of about $160. So the administration was not half as good as some people think. They put us to all the trouble of lugging the stuff a mile or a mile and a half and then upstairs to the examining warehouse; then, when it was no good, when it had rotted, they would let us have it back. We finally got that stopped when Mr. Reid was Minister of Customs.

Mr. DUNNING: That was a good many years ago.

Mr. SPENCE: Yes, but we are slowly returning to the same condition. Mr. Reid stopped that and made the inspectors go to the cars and examine them, so we had no more trouble of that kind after that. Then an appraiser at the port saw fit to interfere with a car of lettuce that came in one day, and I was asked to interview Hon. Jacques Bureau. I do not remember what year that was. This appraiser took it upon himself to increase the price of that lettuce from $1.50 to $2, something he had no right to do. I brought the matter to the attention of Mr. Bureau, who said, "Do you want me to fire that appraiser?" I told him this man had difficulty with everybody; he was fighting with everyone and giving service to no one, making himself generally obnoxious. I said, "No, I don't want him fired, because we

might get somebody worse, but I want him disciplined so that he will give the trade a real chance to do business." We got reasonable cooperation from Hon. Jacques Bureau. Mr. Boivin was another man who understood business and who would do anything he could for the trade. I think we had some dealings with Mr. Euler, and he was very fair also.

Mr. DUNNING: He was not too bad, was he?

Mr. SPENCE: I think at one time he was minister of customs, and we got a fairly good deal from him. Then Hon. E. B. Ryckman came in, a man well trained in the business world as well as in law, with a soul and a heart like the other fellows. He tried to give us a decent deal, but it was nearly impossible.

I should like to give the house an instance of what happened during the time Mr. Ryckman was minister. Three cars of carrots were shipped from California, and then somebody sent out one of those bulletins putting a dumping duty on carrots and applying it to cars rolling. I went to Hon. E. B. Ryckman and told him the story. He said, "You are right, Dave; nothing should apply to cars rolling. After the deal has been consummated no dumping duty should be applied." Let me tell you, Mr. Speaker, that sometimes if a man knew the dumping duty was going to be applied he would never buy the stuff at all. In this particular instance the dumping duty on the carrots was about $4 a case, which brought the cost up to $7.50 or $8 a case laid down in Toronto. Those carrots could not be sold for more than $3.50 or $4, and we were wondering whether it would be better to pay the freight, pay for the carrots in California and then let them rot on the tracks at the customs house instead of paying the dumping duty, or whether to take the loss we would incur by selling them, but Mr. Ryckman saw fit to overrule Mr. Breadner at the time. I went in to see Mr. Breadner. No doubt he was a brilliant man working entirely for Canada, but not for the people. Sometimes, you know, it is a good thing to have a little money in the pockets of the people as well as in the treasury of the country. I went to Mr. Breadner and tried to convince him that this duty should not be applied. He swore at me like a trooper; I had to go back at him, and I may tell you I did go back at him. I told him he was worse than Jesse James in his palmiest days; I asked him why he did not get a gun and keep it on the table in order to shoot a man like me. And he was not the only man of that kind we have had to deal with. I became disgusted going to the department; after Mr. Scully was appointed I had very little to do, because when Mr. Matthews came in I had a few fights with him, and rather than have a quarrel I took myself out of the department entirely and forgot all about it.

Now the present minister is getting back to the old fashioned ideas and making the dealers send their stuff up to the examining warehouse. I think that is too antiquated a procedure for the minister to institute at this time. I should like to give an instance of what happened within the last six weeks, concerning one of our dealers who is just as honourable as any man in this house, and let me say that the whole trade throughout Canada is equally honourable, yet they are depicted as a bunch of burglars trying to rob the country. They are simply trying to get what is coming to them, but when they try to get it they are ruled out of court. Within the last six weeks a car of beans was brought in, on which the duty was paid. A week later the customs people came back and asked for an additional $55 of duty. I suppose that is something the minister cannot help, but the excuse given was that the car was not bought f.o.b. It was bought f.o.b., but it had been moved out of the little loading station in Florida down to the terminal, probably thirty or forty miles away, where it could be put to one side. The man who bought it simply secured the number of the car and purchased it by wire, as everything is bought. The department said the man had to pay duty because that car had been moved forty or fifty miles. Did you ever in your life hear of such a public persecution of people trying to do business? You never know what you will have to pay for anything; you never know how to get along; the government keep at you from day to day until you get so disgusted that you do not want to do business at all.

I do not know that I have very much more to say, except that I think it is time the man in the business world received some consideration. Lots of consideration is given the great big fellow; every move made in this house creates another monopoly, because the small fellow cannot stand the pressure and the big fellow can. The small fellow falls out and the big fellow gets his business. That is the way things have been going for a long time. There never has been such a loss to men operating in the trade as there has been since 1930. I think they were a useful body at one time. They provided money with which to buy the farmer's products, and they took

everything he had to sell in the winter. They cleaned his place right up, and provided the money which made everything go.

A lot of people who thought they were doing something for the country were buying bonds and hiding them. I say that the man who did nothing but buy government bonds, who put no money in industry or business, did nothing for his country; and I am glad to see him getting only about half the usual return now because that is what he deserves. They squeezed the business world for money to buy bonds.

I appreciate this opportunity of saying a few words and letting hon. members know something about the persecutions which go on in the customs house. If the Minister of National Revenue wants to know anything in particular about his department, I can tell him something about it. It took us two years at one time to bring about a change. We who are in the legitimate business—I should not say "we" because I am not in it now; I cannot afford to be in it any longer; I could not stand the pressure—the people in the business were losing money continually. The man who brings in carloads of produce cannot cheat the government. The car is opened by customs officials. For years we told the government that there was bootlegging by trucks coming in from Niagara, Black Rock, Buffalo and Detroit; we tried to convince the government that there was something wrong. This is how it was done. When the duty of one cent per pound was put on grapefruit the truckers with their big ten-ton trucks went to Detroit and Buffalo, put fifty boxes of grapefruit in the centre of their truck, loaded the sides with oranges which carried no duty, and were able to sell their stuff for fifty cents a box less than the man who imported by the carload. They could do that, and still make half a dollar more than the other man. The same thing was done with regard to grapes from California. They would put a hundred lugs in the middle of a big truck, and when we were paying two cents duty they were paying nothing, because the outer sides of their trucks were covered with materials which were not dutiable at all.

We fought the Department of Customs for two years before we were able to convince them that that was going on. To-day that is all changed, and it has been changed for some time. Now they have to unload their trucks at Black Rock, or Niagara Falls, and show what is in them. But they did not do that formerly. I should not like to say that the port of entry or the man in charge was at fault, but even yet we find that some things are crooked in connection with importations from Detroit and Buffalo. So you have to keep your eye on what is going on over there, instead of keeping your eye so much on the legitimate dealer who has a large amount of money invested. That is the man you are after now, and you are putting him out of business. I am not one of them, because I have not the money.

I think I have given the house a little information about the manipulations of the National Revenue department which have the effect of working against the trade. I wish the Minister of National Revenue would keep the unfair side of it in his mind, namely, the levying of duties or asking for amended entries after a car has been bought and sold. I will leave it to the Minister of National Revenue himself. He may be hard up, but the people he is robbing are just as hard up as he is.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I have refrained from making extensive observations on the various items in the tariff bill now under consideration, but in view of certain observations which were made to-day I think it desirable to direct attention to one or two matters.

The arguments presented by the hon. member for Huron North (Mr. Deachman) and hon. members in other parts of the house were to the effect that we should have greater freedom of trade. I recall that the Prime Minister in this house in 1932 made several references to South Huron. He said:

> In order that there be no mistake as to where the Liberal party stands on the matter of the preference, may I repeat here what I said in South Huron, and what I have said repeatedly at other times and in other localities, that the policy of the Liberal party with respect to trade is to encourage greater freedom of trade, to remove restrictions and barriers rather than to increase them, and that if as a party we were returned to office our first objective would be to bring the tariff of Canada back to where it was at the time we went out of office.

That was the so-called Dunning budget. I am not unmindful of the fact that my hon. friend the Minister of Mines and Resources (Mr. Crerar) resigned his office in the government of that day because he felt that the tariff increases that were then made were not warranted, and because he did not believe in a policy of protection.

Mr. CRERAR: My right hon. friend is mistaken; it was not because of tariff increases at that time.

Mr. BENNETT: The maintenance of tariffs, I should have said; the minister is quite right. I was going to read what he (Mr. Crerar) said. He put it this way:

I have never been able to see any virtue in the principle of protection.

Then he discussed a number of items: one of the agriculture items; steel and then binder twine, boots and shoes, and textiles. With respect to boots and shoes he said:

There is absolutely no need of a protective tariff to the extent of 30 per cent to keep American shoes out of Canada, but I am afraid that if the hon. member will search his sources of information a little more closely he will find that the facts do not substantiate entirely what he has stated.

Then he took the case of a suit of clothes, and proceeded finally to say:

In all reason and conscience is it necessary to have a protective duty of 30 per cent on textiles coming into this country in order that concerns like the Dominion Textile Company may make such profits as I have just mentioned? Let me ask again, do our manufacturers really require the protection they enjoy? I am satisfied that they do not in the case I have just cited. But we have further evidence.

And so on. That was when the hon. gentleman left the government of the day. He gave his reasons for so doing, and they are set out at length in Hansard.

Then there was a statement by the Prime Minister to the effect that we should return to the tariff as it was when his government went out of office in 1930. Remember that one of the restrictions on domestic trade in this country is the increased sales tax of 8 per cent; and remember also the attacks that were made when the 3 per cent excise tax was placed upon the statute books by the late government. I have taken a number of invoices in connection with items and applied to them the tariffs under the Dunning budget so-called of 1930, and under the present budget of 1937, with the 8 per cent sales tax and the 3 per cent excise tax, for the purpose of showing just what proportion of the invoice cost of those goods laid down in Canada from the United States was paid by the consumer in 1930 under the so-called Dunning budget and what is paid at the present time. I shall content myself, in view of the lateness of the session, with merely placing the list on the record in order that during the recess the hon. member for Huron North (Mr. Deachman), the hon. member for Melfort (Mr. McLean), and the hon. member for Moose Jaw (Mr. Ross) may have an opportunity of examining them.

Table showing percentage of laid-down cost of certain goods entering Canada from the United States because of customs and excise duties and sales tax.

Article	After Dunning budget of 1930	At present after budgets 1936 and 1937
	Per cent	Per cent
Artificial silk marquisette, piece goods	36½	74½
Artificial silk fabrics	36¼	58
Artificial silk fabrics	36½	64¾
Artificial silk and cotton, drapery fabrics	36¾	98½
Artificial silk and cotton fabrics	36¾	86¾
Artificial silk and cotton fabrics	35½	76¼
Artificial silk and cotton fabrics	36¾	68¾
Artificial silk dresses	39	62
Artificial silk dresses	41¼	63¼
Artificial silk dresses	41	65¾
Artificial silk dresses	41	59½
Artificial silk dresses	39¼	61¼
Artificial silk dresses	40¼	58
Artificial silk dresses	41¼	52¾

Mr. DUNNING: I must question my right hon. friend's figures.

Mr. BENNETT: They are taken from actual invoices.

Mr. DUNNING: Including what?

Mr. BENNETT: Including customs duties, excise tax and sales tax; I said that at the start. I have taken goods coming from the United States so that they may have the benefit of the United States agreement of last year.

Mr. DUNNING: There was a one per cent sales tax in 1930 when I brought down that budget.

Mr. BENNETT: It was reduced to that in the face of a deficit.

Mr. DUNNING: There was $47,000,000 of a surplus.

Mr. BENNETT: There was a deficit in sight of nearly $50,000,000. The minister should have known of that if he did not. I always thought he did know.

Mr. DUNNING: I am speaking of a surplus.

Mr. BENNETT: I am talking of what I know. I continue with the list:

Article	After Dunning budget of 1930	At present after budgets 1936 and 1937
	Per cent	Per cent
Artificial silk cushion slips.	38¾	76
Artificial silk and cotton pillows	39	78¾
Artificial silk and velour scarfs	41	107¾
Compacts	36¼	61¾
Powder cases	36½	63
Cotton fabrics, bleached, not coloured	26¼	39½
Cotton fabrics (yarns of more than one colour)	31½	45¼
Cotton fabrics (yarns of more than one colour)	31½	48¼
Cotton fabric, yarn dyed	31½	45
Cotton fabric, yarn dyed	31	45¾
Cotton fabrics, yarn dyed	31½	43¾
Cotton fabrics, piece dyed	28¾	46¾
Dyed cotton fabrics	29	49¾
Printed cotton fabrics	31½	47
Men's fur felt hats	37¾	53
Ladies' straw hats	36¼	63
Novelty jewellery	36¾	55½
Knitted cotton dresses	36¾	56¾
Knitted wool bathing suits.	36¾	59¼
Knitted cotton girdles	36¼	67¾
Knitted elastic girdles	36½	71¼
Knitted wool ties	36¼	54
Linen upholstery fabrics	34	49¼
Leather purses	36¾	53
Raincoats	37¾	70
Ladies' leather shoes	30¾	49¾
Silk fabrics	36¼	66¾
Printed silk fabrics	37	63¾
Silk dresses	41¾	60¾
Silk dresses	39¼	65
Silk dresses	40¾	60¼
Silk dresses	41¼	54¼
Silk dresses	41¾	51¾
Silk blouses	40¾	75¼
Silk blouses	42	85½
Silk neckwear	41¼	62½
Silk neckwear	41¼	64¾
Silk pillows	39¾	190¼
Ladies' silk slips	41¼	73¾
Silk negligees	41	64¾
Toilet soap	35¼	48¼
Toilet preparations (non-alcoholic	34¼	72½
Small cedar chests containing toilet preparations	36½	61¾
Toilet preparations containing alcohol	93¾	100¾
Wool tapestry fabrics	36¾	70
Wool dresses	38¼	63
Ladies' wool suits	38½	62
Woven wool bathing suits	39	64¼

That is the list as I have been able to compile it in the limited time at my disposal. I direct attention to it only for the purpose of accentuating the argument presented to the house by the hon. members for Moose Jaw (Mr. Ross), for Saskatoon (Mr. Young), for Huron North (Mr. Deachman) and for other constituencies. These hon. members have pointed out so vigorously and well during the last few days the excessive imposts placed upon the consumers of this country in order that free trade might be maintained by the Liberal party at election time and protection practised when they are in office. I would think the argument they presented was so magnificent that it would appeal at least to the Minister of Trade and Commerce (Mr. Euler).

Mr. MACKENZIE KING: Does not my right hon. friend agree with them?

Mr. BENNETT: He does not have to agree because he is now in the happy position of listening to the warring elements in the Liberal party expound their diverse views in connection with principles for which, as they said when the elections were on, they were fighting shoulder to shoulder. That is what they said they were doing when the elections were on; but now it is no longer shoulder to shoulder, but back to back. I am sure it must make a tremendous appeal to my hon. friend the Minister of Trade and Commerce. When I welcomed him back I pointed out that during his absence great progress had been made for the cause of protection. As I listened to the speech of the hon. member for Moose Jaw, I realized how true it was that furniture had triumphed, and the battle flag of victory had been hoisted now on Waterloo.

Mr. EULER: Just for the sake of accuracy let me say—

Mr. BENNETT: Is it not Waterloo? Is it Hespeler?

Mr. EULER: I should like to assure my right hon. friend that the action taken was decided upon before the Minister of Trade and Commerce returned from Australia.

Mr. BENNETT: That makes all the more apparent his tremendous influence which can be exercised by absent treatment. I am sorry if I placed the flag in the wrong place. Perhaps it should have been Hespeler or some other community from which the flag of victory flew. But that it flew, there is no doubt. The fact that the government adopted that policy and relieved the tariff board of any responsibility is, I fancy, another star in the crown of the Minister of Trade and Commerce. I mention these matters because they indicate the great advances that we have made in freedom of trade. They represent the tremendous progress we have made in relieving the people of some of the fearful burdens placed upon them by the past administration.

Mr. DUNNING: I would suggest to my right hon. friend that he has not made a comparison with the past administration. If he did, his figures would be of astronomical proportions.

Mr. BENNETT: Not quite, because the minister increased the sales tax from six to eight per cent, and that is included.

Mr. DUNNING: And reduced the tariff.

Mr. BENNETT: I remember when they were fighting shoulder to shoulder; they were about to remove these barriers against trade and this three per cent excise tax; and these tremendous duties that were imposed under the British preferential tariff, were to be reduced fifty per cent. I can remember the ancient days long since past in the legislature of Saskatchewan when the Minister of Agriculture (Mr. Gardiner) and the Minister of Finance (Mr. Dunning) fought shoulder to shoulder in passing resolutions year after year demanding a fifty per cent cut in the British preferential tariff, and freedom of trade in all articles of household furniture. They used the term "household machinery." Fertilizers and implements were to be put on the free list. Here their cohorts are all gathered together, but they are not fighting shoulder to shoulder. The Minister of Trade and Commerce was not a vigorous applauder of the speech of the hon. member for Moose Jaw.

Mr. EULER: I did not agree with it.

Mr. BENNETT: I can fancy the sorrow there must be in some of the homes of Saskatchewan as they read the speech of the Minister of Finance. How they must recall the halcyon days when he inveighed against the doctrines of protection and told them that he would lead them, not into the wilderness, but into the promised land of a fifty per cent cut in the British preferential rate and free trade in everything they had to have. But those days are past. He says he is no free trader now. He is a protectionist in some items and a free trader in others.

Mr. DUNNING: He did not say that.

Mr. BENNETT: He said the other evening he never had been a free trader. I thought he would say that, and I wanted to see what he had said in the Saskatchewan legislature. I find that he advocated placing upon the free list all foodstuffs.

Mr. DUNNING: Yes.

Mr. BENNETT: He demanded:

...the reduction of the customs duty on goods imported from Great Britain—

Mr. DUNNING: Exactly.

Mr. BENNETT:

—to one-half of the rates charged under the general tariff.

Mr. DUNNING: Yes.

Mr. BENNETT: He demanded:

...and that further gradual uniform reductions be made to the remaining tariff on British imports that will ensure complete free trade between Britain and Canada.

Mr. DUNNING: Does that make me a free trader?

Mr. BENNETT: I should think it did. He demanded:

The placing upon the free list of all agricultural implements, farm and household machinery, vehicles, fertilizers, coal, lumber, cement, gasoline, illuminating fuel and lubricating oils and all raw materials and machinery used in their manufacture.

That would seem to indicate that there was not much to protect after he achieved free trade in all these items. The only protection to be afforded would be to that idea which it was necessary to disseminate in the east in order that the west might realize that its noble champions of free trade were fighting the battle for them while in the remote and effete east they were leaving it open to say: "We are not free traders outright; we are only free traders, you know, in respect of all the items I have mentioned, but we reserve to ourselves the right of protection to those commodities not named." Perhaps the minister would be good enough at some time to indicate just what would be left, so far as the western consumer is concerned, after you had free trade in all these items.

Then I cannot help thinking of my hon. friend the Minister of Mines and Resources (Mr. Crerar). I recall the days of his noble past when, under the banner of progress, he marched upon Ottawa and attacked the citadel with fifty-eight gallant supporters called Progressives.

Mr. CRERAR: Sixty-five.

Mr. DUNNING: Sixty-five. Get it right.

Mr. BENNETT: Excuse me for underestimating them. It only shows that his desire to achieve free trade was stronger than I thought.

Mr. CRERAR: I was sure that my right hon. friend desired to be accurate.

Mr. BENNETT: I do not want to minimize the confidence placed in him by so vast a number of the people's representatives in western Canada. But when he advanced on the citadel and attacked the dragon of protection in its lair, we realized that for some

strange reason he seemed to have forgotten the past; its memories rolled away like the great burden of which John Bunyan wrote rolled from the back of the pilgrim who was endeavouring to achieve his goal. That great burden rolled away and the hon. gentleman became a vigorous free-trader to the extent of one hundred per cent of the invoice cost being paid by the consumer to get his goods into his house. What a magnificent type of free trade we have! I am sure that those who recall the splendid consistency manifested in those addresses will regard events with some degree of satisfaction, and perhaps in moments of leisure, when they are quiet and calm, will reflect that after all there is something in the words of a great British statesman that "an organized Liberal government is an organized hypocrisy."

Some hon. MEMBERS: Oh, oh.

Mr. ILSLEY: It was said about a Conservative government.

Mr. BENNETT: Oh, certainly, and a great deal worse than that was said about a Conservative government, and no one said it better than my friend the Minister of National Revenue (Mr. Ilsley). No one said it more vigorously than he; and no one in power practises more than he does the things he denounced when in opposition. "Consistency, thou art a jewel" has no application to the Liberal party. In election time, said the hon. member for Moose Jaw (Mr. Ross), we fight shoulder to shoulder, but when we find ourselves in office there is left still a saving remnant. I heard the hon. member for Melfort (Mr. McLean) say that "to save this country it is necessary to develop within our party that opposition which is lacking in those who sit opposite." It will be remembered that the Prime Minister (Mr. Mackenzie King) was not in the chamber this morning when the hon. member for Melfort explained that the real attitude he took was one of benign observation and of an earnest desire to serve the body politic, and that to do so it was essential that he should oppose the furniture item because it afforded him an opportunity to express his belief in the sound principles of Liberalism as he had learned them, but which unfortunately, he found, were not being expressed by the government that he generally supported. It was a rather difficult admission to make, but he made it with an ease of conscience and smoothness of speech which commended itself to every one who heard him.

So I congratulate the government at the end of the session upon having maintained in office the principles that they opposed when they sat on this side of the house. It is a striking exhibition of how regard for the interests of the country can overcome pre-election statements, and I congratulate the country that we have on the treasury benches men of such flexibility and adaptability that they are able to accept the great principles of protection which have saved this country in the past and will continue to preserve it in the future. It is desirable, no doubt, that this measure of reasonable protection should be afforded the industrial life of this country, notwithstanding that, in days long since past, my hon. friend the Minister of Mines and Resources said he could not see anything in it at all. It is not necessary to see it now; he feels it; and the Minister of Finance does better than that—he smells it.

Under the circumstances I can do nothing more than warmly compliment the administration for having this session accepted the doctrines they so strongly denounced when they were out of office, and I earnestly hope that they may long continue to practise while in power what they have done so splendidly in the last few months, and a departure from which might lose them the support of some few who to-day supported them generously in maintaining that high protection which they so stoutly denounced in days long since fled. De mortuis nil nisi bonum; the dead is past and gone, and we will speak nothing but good of it and all the noble achievements that it represents. It is a matter of satisfaction to feel at the close of this eventful session that the government has so excellently manifested a belief in that measure of inconsistency which constitutes the variety in public life that is so essential to maintaining its interest—to say nothing of the amusement it affords. If the British manufacturer finds it difficult to discover here a market for his goods, it is well to remember that he had reason to believe that when the change came, only fifty per cent of the general tariff would be charged him. But what of the ships of which we used to hear in our friends' speeches, the ships which according to their imagination were to ply from Churchill to England and back again with goods upon which only fifty per cent of the general tariff would be paid, with a gradual reduction to a basis of free entry? Somehow or other that has not materialized. But we must give hon. gentlemen time. Time is the great healer, and it also affords a great opportunity.

I could not but think that even the Minister of Agriculture (Mr. Gardiner) had his moments of calmness, for in a speech

which he made, and which I have frequently quoted with great approval, he said:

> The most harmful slogan ever introduced into the consideration of western public matters was the cry, "down with eastern vested interests" which has developed into an attempt to organize the east against the west and the west against the east. Members of the party to which I belong, in the past were responsible for the introduction of that cry, and I pledged myself as a leader of that party to put forth every effort to remove from the appeals of the organization to which I belong, any such unworthy sentiment.

I am sure that those of us who have read with becoming modesty the report of the special committee on agricultural implements and its conclusions will realize how splendidly he has lived up to that declaration of faith. It is a matter of interest to read that statement at this time, because it expresses so clearly and neatly a consummation devoutly to be hoped for. I can only add that—

> . . . the cry, "down with eastern vested interests,"

which was introduced by . . .

> . . . the party to which I belong,—

I assume that that was not the Progressive party, but the party with which he was associated, which did incalculable harm to the country. I have frequently said when the minister was not in this house that his attitude commends itself to the judgment of every hon. member, but it makes the homogeneity of the government a little more difficult, for the flag that flies at Waterloo is not the flag that flew at Austerlitz; and conditions have changed since the appeal was being made to the electors, "shoulder to shoulder under the banner of victory"—

Mr. DUNNING: Hear, hear.

Mr. BENNETT: The minister can hardly contain himself as he recalls those ancient days when he shouldered his crutch and showed how fields were won. In the circumstances, Mr. Speaker, in taking my seat I can only congratulate the government upon this masterly demonstration of their ability to hold under their banners troops who are marching to different objectives; who in times past marched shoulder to shoulder in a battalion to accomplish the defeat of a common enemy; and who, that victory having been won, find it no longer pleasant to reflect upon that past, and instead of fighting shoulder to shoulder, are now fighting back to back, not for the purpose of destroying protection but for the purpose of rendering some assistance to a downtrodden country. And in the meantime the consumer who is not a member of the league can but hope some day to join it.

[Mr. Bennett.]

Hon. CHARLES A. DUNNING (Minister of Finance): I shall not endeavour to emulate my right hon. friend (Mr. Bennett). I rise for two purposes only, first to congratulate him on having come through the session in such excellent good humour and in such good form as to be capable on this the last day of delivering an address replete with the wit that is so characteristic of him in his better moments, and to express the hope, which I am sure will be shared by all in this house regardless of party that the address to which we have just listened is not his swan song.

Mr. BENNETT: He has another one coming.

Mr. DUNNING: We have another one coming to-day, I know, and it will not be of quite the same character. The second purpose I had in rising was to protest as strongly as I can against the use of figures which, while in themselves correct possibly in relation to the matters discussed, do not present a correct picture of other matters that they develop.

Mr. BENNETT: They did, between 1930 and 1935.

Mr. DUNNING: To add a sales tax to a duty paid value in two years so far apart, two years in one of which the sales tax was one per cent and in the other eight per cent; and then to build an argument on that basis to convey what I am sure the general public would take from the remarks of my right hon. friend, namely, that the Liberal party was maintaining much higher tariff rates than are in fact the case, is something I must protest against. If one desired to apply the same method of calculation to the duties which were in effect between 1931 and 1935, why, of course, the results would appear utterly ridiculous; in fact, the figures would be astronomical.

And now may I thank all members of the house for their forbearance with me in my task this session of putting through a most complex series of tariff amendments as related to the trade agreement with Great Britain and with respect to our tariff generally. If I have appeared a little edgy at times I trust I shall be forgiven. I wish to thank all hon. members for the consideration they have shown in the very difficult discussions which it has been necessary to have.

Motion agreed to and bill read the second time.

Mr. DUNNING: Perhaps it would suit the convenience of the house if I were to introduce the other two bills so that we might go into committee on the three of them at

the same time. My colleague informs me that the excise bill was introduced yesterday.

SPECIAL WAR REVENUE ACT

Hon. CHARLES A. DUNNING (Minister of Finance) moved for leave to introduce Bill No. 120, to amend the Special War Revenue Act.

Motion agreed to and bill read the first time.

Mr. DUNNING moved the second reading of the bill.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Definitions.

Mr. CAHAN: If this bill is printed it has not been distributed.

Mr. DUNNING: My hon. friend will recollect that in connection with ways and means it has not been usual to delay the passage of bills based upon ways and means resolutions when adopted. If there are any additions to the amendments apart from those contained in the resolution which passed the committee and the house the Minister of National Revenue must, of course, give full information with regard to them.

Mr. CAHAN: I do not wish to delay the house but I suggest that we are entitled to have printed copies of the bill if they can possibly be supplied.

Mr. DUNNING: The bills were not introduced until to-day.

Mr. CAHAN: If the Minister of Finance postponed the introduction of his bills until to-day, he should have seen to the printing of them beforehand.

Mr. DUNNING: I have followed the immemorial practice.

Mr. CAHAN: Perhaps the minister will explain the purpose of the bill.

Mr. ILSLEY: It was thought that the words "used in" as they appear in the old section were open to a wider meaning than was intended; it might be said that the machinery in a plant was used in the manufacture of a product. While the present change does not alter the administration of the act it is thought that in the interests of clarity the change should be made.

Section agreed to.

Sections 2 to 4 inclusive agreed to.

On section 5 —Schedule III amended.

Mr. CAHAN: There is no explanation of this section. How can we inform ourselves of what is implied in the striking out of these words unless we have some explanation? The bill is not properly printed, because on the other side there is no information with regard to the purport of these amendments.

Mr. ILSLEY: I can explain that. The first exemption, in subsection (a), is to include the parts for grain and seed cleaning machines, which parts have hitherto been taxable. At the present time grain and seed cleaning machines are exempt. Hereafter, grain and seed cleaning machines, and complete parts therefor, will be exempt.

Mr. CAHAN: What about paragraph (b)?

Mr. ILSLEY: The exemption for fire brick is to include certain plastic refractories, high temperature cement, fire clay, etc., when for use as stated, these not having previously enjoyed the exemption. It was felt unfair that the brick alone should enjoy exemption for certain purposes which was denied to other materials used for the same purposes.

The next change is in reference to consumable materials. The change in the wording is for clarity. It is thought that the proposed wording more adequately expresses the intention. The application of the exemption is not changed.

Mr. CAHAN: What about the rest?

Mr. DUNNING: It is all in the resolution; it was all dealt with in committee of ways and means.

Mr. CAHAN: That may be, but I want the explanation.

Mr. ILSLEY: The provision for raw and salted hides is to overcome an administrative difficulty. The hides are of no use in their raw state and must be further manufactured, and by placing the exemption here a considerable number of licences need not be issued; also audit work will be curtailed where no tax is involved in any case.

The provision for the exemption of photographs, paintings, drawings, etc., for magazines is designed to allow the Canadian publisher to compete with American publications, as the latter pay no sales tax on importation, whereas the Canadian publisher must pay on the art work and printing plates he uses.

The provision for the exemption of materials used as ingredients in canned fish is to exempt mustard, olive oil, tomato purée, etc., when used for this purpose. Competitive canned fish can be imported free from

sales tax, whereas the Canadian producer is obliged to pay the sales tax on the ingredients I have mentioned.

The provision for exemption of spinal braces and parts thereof, and articles for the use of the blind, is intended to provide some relief for these unfortunate persons.

Section agreed to.

Sections 6 and 7 agreed to.

Bill reported, read the third time and passed.

CUSTOMS TARIFF AMENDMENT

Hon. J. L. ILSLEY: (Minister of National Revenue) moved that the house go into committee on Bill No. 121, to amend the Customs Tariff.

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

On section 1—Governor in council may order that certain duties and taxes be disregarded.

Mr. CAHAN: I presume this bill is simply a reproduction of the items as they appear in the ways and means resolution?

Mr. DUNNING: Yes.

Mr. CAHAN: Section 1, subsection (2A) is new, is it not? Is that section identical with the resolution that we had before us?

Mr. ILSLEY: Yes, that is identical. What was before the house on a former occasion was an amendment to the Customs Act. This is an amendment in identical terms to the customs tariff. This relates to the imposition of dumping duty; the other related to the imposition of regular duty.

Section agreed to.

Section 2 agreed to.

On section 3—Schedule B amended.

Mr. STEVENS: There are no clauses in this bill amending the customs tariff other than the amendments which have been effected by the resolutions before the committee?

Mr. DUNNING: There was an amending bill on the customs tariff yesterday. There are none in this bill.

Section agreed to.

Section 4 agreed to.

Schedules A and B agreed to.

Mr. CAHAN: In the twelve years or more that I have been in this house I do not remember that I ever saw so many important bills introduced in the last ten days of the session. This session I think is without precedent in that respect.

Mr. DUNNING: As far as these three bills are concerned I can only say that they are introduced precisely as they were in all other sessions during which I have been a member of this house, immediately following the reporting of the resolutions in the customary manner. As to my hon. friend's other remarks, they do not apply to me, as my legislation otherwise has been down for some time.

Bill reported, read the third time and passed.

EXCISE ACT AMENDMENT

Hon. J. L. ILSLEY (Minister of National Revenue) moved the second reading of Bill No. 119, to amend the Excise Act, 1934.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—Refund of duties.

Mr. CAHAN: What is the present practice with regard to refunds of excise duties? Is there any time limit within which the application must be made?

Mr. ILSLEY: There is no limitation in the present act as there is in the Customs Act and the Special War Revenue Act. Under the Excise Act there is no limitation.

Section agreed to.

On section 3—Certain spirits subject to an abatement.

Mr. STEVENS: I should like to get the assurance that there are no new sections introduced here that vary the principle of the bill. Does it just carry out the resolutions that have been passed in committee?

Mr. ILSLEY: No, that does not apply to this act. I am informed that only one clause is covered by a resolution which was considered in committee; but this bill had its first reading yesterday and has been distributed.

Mr. STEVENS: From just glancing over the bill—we have been so busy that we have not had time really to read it—it appears to make quite a substantial amendment of the Excise Act.

Mr. ILSLEY: Not substantial; a few miscellaneous amendments of a minor character.

Mr. STEVENS: It is pretty late in the session to bring down a new bill.

Mr. ILSLEY: The reason it was not given first reading earlier was because a resolution has been on the order paper for weeks, and it was not desired to proceed with the bill until the resolution was disposed of.

Section agreed to.

Sections 4 and 5 agreed to.

On section 6—Recovery of penalties.

Mr. CAHAN: What is the effect of the new provision in this section?

Mr. ILSLEY: Section 6 merely makes a grammatical correction, changing the wording. It does not make any change whatsoever in the effect or meaning of the section. It is a clerical amendment to correct a typographical error, also to define more clearly the punishment referred to in paragraph (b). Personally I have some doubt as to the necessity for it.

Section agreed to.

Sections 7 and 8 agreed to.

On section 9—Importing or manufacturing apparatus.

Mr. CAHAN: Why is there a reduction in the licence fee from $20 to $2? Is this intended to develop the home brew trade?

Mr. ILSLEY: Oh, no. These are chemical stills used in universities and laboratories, and that sort of thing. There was no reason for a licence fee of $20.

Mr. CAHAN: Are they restricted to laboratory use?

Mr. ILSLEY: No, but numerous persons and firms after paying for licences to have and use a chemical still have strenuously complained of being required later to pay another licence fee of $20 for the privilege of importing or manufacturing the same. In the case of those engaged in the business of manufacturing stills on a large scale, a licence fee of $20 per annum is not complained of; but when it is desired to build one still only, it is claimed that the additional licence fee makes the cost prohibitive. Universities, laboratories and various industrial concerns quite frequently desire to construct their own stills. The reduced licence fee provided by the proposed amendment makes this feasible, and at the same time provides definite control. The all important thing is to know where the stills are.

Mr. CAHAN: And the use to which they are put.

Mr. ILSLEY: There is no doubt about that. That is not controlled by the difference between $2 and $20, however.

Section agreed to.

Sections 10 to 14 inclusive agreed to.

On section 15—Least quantity to be ex-warehoused for consumption.

Mr. CAHAN: You must remember, Mr. Chairman, that this bill was distributed only a short time ago, and we can hardly follow the text rapidly enough to keep up with you.

The CHAIRMAN: I have no desire to hurry the hon. gentleman.

Section agreed to.

Sections 16 to 20 inclusive agreed to.

On section 21—coming into force of section eleven.

Mr. STEVENS: This section provides:

Section eleven of this act shall be deemed to have come into force on the second day of December, 1933.

This question of making sections of a bill retroactive is a very serious one, and I should like to have an opportunity to see just how this applies. Is there any significance to the retroactive feature of this section? Would the minister explain that?

Mr. ILSLEY: I explained that briefly a few moments ago. In 1933 the Minister of National Revenue fixed a validation fee for the certifying of export entries of spirits being exported.

Mr. BENNETT: In bottle.

Mr. ILSLEY: In bottle or in any other container. It has been suggested that the power of the minister did not extend to the fixing of a fee larger than was proportionate to the actual cost of the work performed, and of course 20 cents per gallon is disproportionate to the amount of work performed in certifying these export entries. A large amount has been collected between 1933 and the present time. The distillers are very anxious to have the fee either reduced or removed.

Mr. CAHAN: And to have the fee returned.

Mr. ILSLEY: No.

Mr. CAHAN: If any fees have been collected since the date mentioned here, they will have to be returned.

Mr. ILSLEY: Of course, in their discussions with the department they have hinted or intimated that there perhaps is a legal point under which they could recover several millions of dollars in fees they have already paid. It is important to have this validated.

I do not know what the legal opinion of the last government was, but I presume it was that it was validly imposed. Certainly I do not think there will be a single member of the house at this date who would be in favour of the government being involved in a lawsuit on this more or less technical point which might result in the return of several millions of dollars to the distillers.

Mr. BENNETT: There can be no real discussion in a court of law as to the amount of a fee in terms of the service and cost, notwithstanding any suggestion of that kind. I remember that when the fee was fixed, the law officers were of the opinion that a fee of twenty cents was the maximum reasonable amount. But to suggest, as has been suggested, that because it does not cost anything like twenty cents to have the certificates prepared and numbered, and a record kept of them, that therefore you should not be able to get the fee, is a wholly erroneous view. It was not that the certificate was important; but it was important to have a record of the price because the validity and the authenticity of the spirits contained in the receptacle that bore the certificate were thereby clearly indicated to everybody. A much larger fee was suggested at first, but twenty cents was agreed upon, and my memory is that the people who were most anxious for it were the exporters themselves, because it gave an added value to their statement that their goods were pure, unadulterated, and just as they had left the bonded warehouses of the country. If there is any question, I think this is a highly desirable piece of legislation.

Section agreed to.

Bill reported, read the third time and passed.

SUPPLY BILL

BANK OF CANADA—ALBERTA FINANCIAL SITUATION

Hon. CHARLES A. DUNNING (Minister of Finance) moved the second reading of Bill No. 118, for granting to His Majesty certain sums of money for the public service of the financial year ending March 31, 1938.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, the fact that the report of the Bank of Canada recommends that money should not be granted to Alberta, as it was granted to Manitoba and Saskatchewan, in my view requires some discussion. Naturally hon. members of the house are not as familiar with the situation which exists and has existed in Alberta as we whose lives have been spent there. We have been impressed with the sympathy and interest which have been shown to us by hon. members since we have come here. We appreciate that fact even more when we remember that many of those hon. members can see no sense in what we are trying to do, and that they have to depend entirely on the apparent sincerity with which we speak. We are doubly impressed by the tolerance and evidence of good nature which have been accorded us from all sides. We desire further tolerance and consideration while we discuss this problem which is raised by the report.

As I have stated, we believe there has been grave discrimination against Alberta. Hon. members of the house doubtless do not see eye to eye with us, but we wish to discuss the matter frankly and straightforwardly. First of all, may I say a word or two with respect to the report. I have read it from beginning to end with great care, and have been favourably impressed by many of the statements contained therein. I have noticed that in form it is painstaking and detailed, that it is restrained, that there is nothing harsh or offensive in it. It is kindly worded, and it contains no imputations or insinuations. All these facts we greatly appreciate. It is also accurately and justly weighted. By that I mean that due stress has been placed upon the various aspects which have a bearing upon the situation in Alberta, not only as it affects the dominion but as it affects the people in Alberta who are vitally concerned. It is frank and dignified, and in all these respects it does credit to its authors.

It is marred, however, in that it recommends to the government what we consider a very unjust discrimination against Alberta, namely, that the dominion government do not give Alberta financial assistance between this time and the time of the findings of the proposed commission on taxation.

In the first place, I should like to bring to the attention of the house the financial history of Alberta. This is done very well in the report, but may I review the facts briefly because they have a tremendous bearing upon the situation. A failure to understand those facts might lead hon. members to have less sympathy with the struggles of a people who are trying to be honourable in the eyes of the world. Let me point out that Alberta commenced her history in 1905. Between 1905 and 1922 certain things occurred, the effects of which are still being felt in Alberta. The bank report points this out frankly and stresses it adequately when it says:

> The roots of many of Alberta's present problems were developed during this period.

The report characterizes this period as being "extravagant" and as manifesting "poor judg-

ment" and "loose administration." Those are severe words to apply to the government which existed in Alberta during those times. Hon. members must realize that the people who are trying to-day to get Alberta out of the morass of debt into which she was thrust had nothing to do with the public affairs of the province at that time. They are struggling against a set of circumstances which were more or less thrust upon them. When hon. members realize that, I think they will give us more sympathy than they have in the past, or perhaps I should say consideration rather than sympathy. All we want is consideration.

It is pointed out that there was an ambitious telephone policy which threw the province into debt to the extent of $21,000,000. There was an ambitious railway policy which added another $15,000,000 to the indebtedness of this young province. A highway policy was adopted which proved to be extremely costly, as Alberta is a foot-hills province. The need for roads was greater than in provinces where the topography was more level, and the expense of constructing those roads was greater because of the grades and the necessity for bridges, culverts, and things of that sort. Guarantees of agricultural loans accounted for another $7,000,000. Bonds of the university of Alberta to the extent of $4,000,000 were guaranteed. Irrigation bonds to the extent of $6,500,000 were guaranteed and later on had to be assumed. The governments of the day almost consistently fell behind in their estimates of current expenses. The result was that by 1918 they had fallen behind $3,500,000 in that respect. Another $2,000,000 was added in 1921, and another $2,000,000 in 1922.

There then developed another condition from which we are suffering to-day. The province of Alberta started to sell what were known as savings certificates. This method provided cheaper money, and they went into the sale of these certificates on a rather large scale. The result was that the province became indebted to many of its citizens. The money taken in as savings was spent to a great extent, if not completely. The result was that when the people called for their money which they thought was on deposit, the money was not available. This is what happened just as the social credit government came into power. There was a run on these savings certificates which shook the credit of the province to its very foundation, and destroyed the confidence of great numbers of the citizens who did not understand just why it was they were unable to get their money when they called for it. Many people, careless in their thinking and not very well informed, blamed the social credit government. This was not right. The sales of savings certificates had amounted to $4,500,000 by 1922.

Going on, the report states:

> A further weakness lay in the inadequate sinking fund provision of one-half of one per cent.

By 1922 the debt of the province had mounted to $95,000,000. The people of Alberta became aware of this debt and the result was wide-spread alarm. I can remember quite distinctly when that feeling ran through the province. It was at that time that the United Farmers of Alberta were organized. I took part in the organization of that party shortly after I had left the university. In 1922 the debt was $95,000,000.

Another period in the financial history of Alberta occurred between 1923 and 1930. I quote from the report regarding this particular period, as follows:

> It is true that the mere maintenance of its position, judged by standards then prevailing, was a creditable feat, but the 1922 position had been so unfavourable in itself and so seriously out of line with that in other provinces that there is little excuse for the failure to take more determined steps to correct it.

May I comment on that statement just for a moment or two? The United Farmers of Alberta government came into power in 1921 and immediately they set about to deal with the problem of the provincial debt. As a result of the efforts put forth between 1922 and 1930, no additions were made to the debt; in other words, the debt was maintained at $95,000,000. The bank report seems to be of the opinion that the United Farmers of Alberta administration was blameworthy to some extent because it failed to pay off some of the debt during the good times of 1926 and 1927. It is easy enough to look back and think of what might have been, but I think hon. members will remember that during those years we all had a sort of feeling that we were being reconstructed from the war, and that we were going to be much better off in days to come.

Mr. DUNNING: The sale of the railways during that period was an important factor.

Mr. BLACKMORE: I did not intend to take the time to refer to that.

Mr. DUNNING: It had a bearing on the debt situation. There is no need to develop it.

Mr. BLACKMORE: The point I want to make is this: If the United Farmers of Alberta administration, which I believe is generally acknowledged to have been an

honest, sincere and efficient administration, found themselves unable to pay off any part of the $95,000,000 debt during those prosperous years, what chance has the administration of to-day to pay off this accumulated debt? It is a serious question which we must ask ourselves. We in Alberta have asked ourselves this question thousands of times. As I shall point out as we go forward, it is not that we wish to avoid our debts; what we want to do is to get our indebtedness into a form where we will have some chance of paying it off.

The next period was from 1931 to 1936. The net outstanding liabilities of Alberta increased in those years by $52,000,000. The bank report says:

> About half of the net increase took place during the first two years of the period.

This statement is also found on page 33: that nineteen millions of these fifty-two millions was spent on relief and relief works.

May I be pardoned for spending a moment or two on a matter which will be a sore point with members of the United Farmers of Alberta administration? The Social Credit movement expelled completely the United Farmers of Alberta. We do not wish to disparage that body. I have always felt that the United Farmers of Alberta did as well as they could. I said that all the time during the election, and I am taking care to bring this point out, because there are many good men who struggled in that administration who may read the words which I am saying. I look upon it as a shame when a man has done well, has done his best, that any one for political or any other reasons should detract from his good reputation. That is a contemptible proceeding to which I will not be a party. Consequently I stress it in this house so that hon. members will understand that I am not laying more blame than is necessary on the United Farmers of Alberta administration.

The result of all this experience of Alberta was that we owed $147,000,000 when we bestirred ourselves in the great social credit movement. I do not blame hon. members for looking upon social credit as something rather crazy. When I first heard of it, it appealed to me in that light, but we who are in that movement took it with tremendous seriousness, and the main reason why we did so was that we believed we saw in it a means whereby we might extricate ourselves from the morass of debt in which our fair province found itself. I quote again from the bank report, page 26:

> By the summer of 1935 Alberta had largely exhausted its liquid and realizable assets in order to meet its chronic cash deficiencies, and when a run on the savings certificates took place in August, 1935, the necessary funds were not available.

There has been noticeable a disposition among some hon. members to blame Alberta's difficulties upon the social credit government. Now, just as I explicitly stated a moment ago that I considered it contemptible and dishonourable to place blame where it does not belong, so I resent any tendency on the part of anyone to place blame on the social credit government for that for which it was in no way to blame. Consequently I read that passage from the bank report as an example of splendid restraint and fairness, and I so commend it and draw it to the attention of the house.

Let it be noted that the realizable assets were all gone long before Premier Aberhart or the social credit government had any chance to deal with the situation. In speaking to hon. members, fellow-Canadians, I appreciate the sympathy which is so generally apparent. There was that debt. What were we going to do about it? What are we going to do about it now? What can we do about it? The whole question of debt must be faced realistically.

May I draw attention to figures which were quoted not long ago by one of my colleagues in dealing with the debt situation. Thus far I have said nothing upon this subject. What more than any other one consideration drove us into the social credit movement was the vivid realization of the appalling debt situation which was developing throughout the world. Professor Rautenstrauch, of Columbia university, who conducted investigations into this matter, stated among other figures, according to information I have, that the debts of the world increased forty-seven per cent in the 16 hundreds, 466 per cent in the 17 hundreds, 12,000 per cent in the 18 hundreds, and in the 19 hundreds an amount in a similar ratio. That situation must be faced by this generation and remedial measures must be applied, or there can be but one possible result.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Will my hon. friend excuse me for interrupting him for just a moment? There is always a difficulty in arranging for prorogation because of uncertainty as to the time when the business of the house will be concluded. It looks now as though it were going to be possible to prorogue this evening. This measure is, I believe, the only one which remains to be considered by the house, with the exception of one bill which is before the

Senate and which will be dealt with when it reaches here. If hon, members are agreeable, I should like to move:

That the present sitting of the house be continued after six o'clock until motion is made for adjournment.

This motion if carried will permit the present discussion if it does not last too long to run on until it is concluded. If it continues too long we may adjourn at any moment. If the debate is concluded in time to arrange for prorogation at a later hour this evening, the definite hour of prorogation could then be given. I infer that the house will consent to this motion. If there is unanimous consent I should like to present the motion.

Motion agreed to.

Mr. MACKENZIE KING: I thank the hon. member for Lethbridge very much.

Mr. BLACKMORE: I have been dealing principally with the debt situation in the world. There are many other figures which might be quoted, to which I shall not now refer. I believe that every hon. member has been disturbed to the depth of his being by the mounting debt in Canada. Alberta means to pay her debts. Please accept my sincere assurance on this point.

What has she done to prove it? She has been strictly scrutinizing her affairs for upwards of twenty years. She has learned, therefore, much about what she can and what she cannot pay. In 1921 she elected a United Farmers of Alberta government pledged to get her out of debt. That was the specific pledge, Mr. Speaker—to get the province out of debt. Honestly and effectively, I think it can safely be said, the administration of that day struggled with their problem. Sternly resolved to take no chances, Alberta returned them term after term. The record of that determined effort is well set forth in pages 12 to 26 of the report. During the depression debts again began to mount. Anxiety about this fact contributed greatly to the sweeping return of the Social Credit party on August 22, 1935. Mr. Aberhart constantly repeated, "You cannot borrow yourselves out of debt." Now what has the Social Credit government done since going in? In the first place let me indicate a little more definitely than I have done so far, the situation they had to face, and let me show what they have done in that situation. I quote from the bank report at page 27:

The situation which developed in 1935 made it impossible for Alberta to borrow in the public market. As a result it became necessary to provide for all current and capital expenditures from the province's own resources.

Mr. Aberhart said, over and over again, that when he came into power he found the treasury empty; indeed, not only empty but with the bottom scraped out of it. His vigorous way of putting it was not an exaggeration. The point to remember is that he was there; the debts were there; the condition was there; the province was there, faced with the worst crop failure it had ever known, stretching from the north to the south boundary. He could not escape. What could he do? There were two disastrous years; it is only fair to bear that in mind. In 1935 we were rained on and flooded out in the Peace river area, we were burned out in the south, and hailed and frozen out all through the centre. The result was that there was scarcely a provincial riding in Alberta in the fall of 1935, when the new government took the reins of office, that did not come pleading for assistance. Constituencies that had never known what it was to ask for assistance now had to have it, and this only added to the stringency of the situation. In addition to that we may justly complain of something which in my opinion, when the history of these times is written, will stand out as a reflection upon the justice of the press of this land. For we were constantly subjected to opposition from the press, propaganda, whispering campaigns, and definite antagonism on the part of the big interests—all of which, in my judgment, is an utter disgrace. I do not believe there has ever been a time in the history of the country, when, a year and a half after the election of a new group to office, there were still newspapers from one end of the country to the other, directly, persistently, and malignantly attacking the administration, no matter whether it had a record of probity and honour and efficiency or not. And that thing, sir, is going on to-day. It weakened from the beginning the chances of the province to help itself.

This bears on the situation which I am presenting to the house to-day. What efforts did the province make? In the first place Mr. R. J. Magor was brought in. As I understand it, he was chosen because he was an expert in orthodox finance. His task was to reveal to the new administration exactly the state of the provincial finances, and I should not be surprised if much of the fulness and completeness of this report of the bank was made possible by the good work of Mr. Magor. He was kept there until his work was complete. The result was that we found out exactly how we stood. And that is the first thing that any government could do under the circumstances, is it not? Mr. Aberhart declared from the beginning that he would have a balanced budget. What group could ask for any more?

Now there are Social Credit enthusiasts in Alberta who are condemning him because of these measures; but surely no orthodox financier can condemn him. As soon as he came into office he attempted to refund the debt. He said: Let us have this debt refunded at three per cent, which is high enough; it is all that this province can pay. And his request was disregarded. But the request was sound. Surely a device which has been used by our old motherland over and over again since the war is a sound one, judged from the standpoint of orthodox finance. Besides that, he made requests over and over again for assistance before he should default. Much has been made of the fact that Alberta defaulted, but I submit that under the circumstances there was nothing else that Mr. Aberhart could do. The province did everything in its power to avoid default, but defeat came nevertheless. And now there are those who say that Alberta should have accepted the loan council.

I have not discussed the significance of the loan council; when the time comes I shall do so. But it was utterly impossible, as we understood it, to put in social credit if Alberta subscribed to a loan council. Whether rightly or wrongly I know not, but as I understood it, the day we signed the loan council we signed away all possibility of putting in a social credit system, which was the thing we were elected to do. That is why we had to resist the loan council in the form in which it was, as I understand, presented to us.

Since Mr. Aberhart took charge of the Social Credit government they have done everything in reason that lay in the power of man to eliminate the unnecessary costs. There were in the province departments in which thousands of dollars a month in extra costs were eliminated. Then the 1936 budget was brought in. The bank's report refers to that budget. May I give the words in which the budget is referred to—and please remember that I am not speaking as a social crediter, but as an ordinary Canadian to Canadians asking them to help us face the situation that confronts us, and to look at it in a plain common sense, orthodox way. Here are the words, at page 34:

> While final figures are not yet available, we estimate that in the 1936-37 year the province covered all its current and capital expenditures, redeemed $1,600,000 of debt, and also provided funds to meet some two-thirds of its share of relief costs.

It would be difficult to find a better record than that, let the administration be the most orthodox on earth.

Then came the 1937 budget, the budget that is causing all the trouble in Alberta to-day. And remember that the trouble is from the Social Credit standpoint, and not from the orthodox finance point of view. This report is written from an orthodox financier's standpoint. I contend that, from that standpoint, it is somewhat unjustified. Here are some words which are strikingly significant, dealing with the present budget, which has been postponed in Alberta because of the activities of the more determined social crediters:

> Attention should be drawn to the determined effort to increase the revenue during the fiscal year which has just ended and that which is now beginning. We are of the opinion that the scale of taxation in Alberta in 1937-38 will be approximately the same as in the other prairie provinces, and we are not prepared to say that a further increase in taxation would be practical or desirable under existing conditions.

May I interpose to say that if there is nothing else you can do, what can you do? The report declares that everything has been done that could be done. Then how can we expect more? The report continues:

> The amount of the increased revenue which is being utilized for additional expenditures on ordinary account may be estimated at $1·2 millions compared with 1935-36. As in the case of the provinces of Manitoba and Saskatchewan we are prepared to say that expenditures could not be kept down to the low point of the depression years, and that some increases were inevitable. Education and health services have to be maintained, and attention must be paid to the preservation of the road system. The appropriations for the first two mentioned services are still on the low side.

May I interpose again. Everything has been done that can be done, according to the understanding of orthodox finance. The report continues:

> On the other hand it appears to us that the amount provided for capital expenditures on roads, bridges and equipment in the 1937-38 estimates must be considered rather large if the exigencies of the present financial situation are borne in mind, and we are inclined to think that the program is relatively a more extensive one than is being undertaken by either Manitoba or Saskatchewan.

I am not prepared to say that there is any injustice in the conclusions of the report. But because of the topographical conditions of Alberta it must be remembered that it is extremely important to keep those roads up. That is the way the people feel, and that is the way the government must feel.

Now going on with what the province has done, we wish to guarantee our interest rate; Mr. Aberhart has declared that over and over again. We wish to secure the principal for those to whom we owe. It is largely to maintain that integrity of the principal, and to

ensure the interest which we do undertake to pay, that we have leaned toward such extreme measures as in some respects we have taken in Alberta. What further could they possibly have done? What further could any government, be it Liberal, Conservative, U.F.A., C.C.F. or any other brand, have done? What could be done if a new government were elected?

Now let me deal for a few minutes with what Alberta needs. I quote again from the bank's report:

> The revenue and capital receipts anticipated for 1937-38 will be sufficient to cover all ordinary expenditures, all capital expenditures, and the province's share of unemployment relief costs.

It then goes on to say:

> We find that Alberta can maintain its governmental services on as favourable a basis as Manitoba or Saskatchewan without receipt of additional assistance.

Right here a mistake has been made in the bank's report. The author of the report has assumed that the new budget has functioned until it has produced results; which is not so, for the new budget is not yet passed. What we must have is sufficient to carry on with until the new budget begins to function. Alberta might be able to supply her own needs after her new taxes begin to yield revenue; but she needs money now. If that money is denied, she will suffer. This point should be brought to the attention of all hon. members. The reduction of the interest rate is not helping people as individuals in Alberta. By that I mean it is not helping the farmer to put in his crop or to supply the needs of life; it is a financial consideration of the government. It is not helping the people individually; it is helping the financial position of the government. If we deny Alberta the assistance she asks for, we shall injure the people themselves, who, according to every standard by which you can measure men and women, have done the best that lay in their power to get themselves honourably out of the debt situation in which they have unfortunately been placed.

Now whence is Alberta to get the money? She must get that money from the federal government. There will be many people, as there already have been throughout this country, who will say: Yes, Alberta comes to us and asks for Canada's money. As though Alberta were not a part of Canada! But the people of Alberta have been paying revenue to the government of Canada. These many years, they have been paying their full share of the tariff levies, amounting to perhaps $19,000,000 a year more than they are getting out of the tariff directly. Alberta has been paying her full share of the excise levies, the levy on sugar, on matches, on wines, on toilet preparations, toilet soaps, cigars, and so on up to the full limit of the twenty-two items listed in the return given to the hon. member for Témiscouata (Mr. Pouliot) on January 28 last, sessional paper 125. Alberta has contributed the money under these items just as much as the people of any other part of the country. When she asks for a share of that money back, she is asking only for what she has a just right to. And she is asking it of the government to which the money was paid. She pays her full share of the dominion sales tax, of the revenue from stamps, and many other items of revenue which are collected regularly in this country. To the federal government the people of Alberta must look for protection from depressions. It may be argued that the depression is beyond the power of any government to deal with, but if any government is to deal with depression at the present time, it must be this dominion government. She has to look to this government, which should be her protector against discrimination in regard to price spreads, which are onerous indeed in their effect upon a province producing mainly primary products. To whom can she possibly go for assistance if not to this government; and who in justice can deny such a request?

There is one more point that should be borne in mind. The money which Alberta has saved by cutting down the interest on her bonds is going to help that province pay her relief costs, and to that extent it is relieving this government of a certain portion of its burden. If that is not so, I am subject to correction.

Considering the fact that a careful review of the financial history of Alberta shows that the main causes of Alberta's troubles developed between 1905 and 1922; remembering the further fact that the present government of Alberta is in no way responsible for the deplorable conditions that had come into existence in that province by 1935; bearing in mind that the present government has ably, earnestly and honestly striven to check the growth of debt in Alberta, surely every hon. member must find that there is being rapidly dispelled from his mind any predisposition he may have had against the Aberhart government. And there are other matters we must not forget. The present economic system is breaking down. Debts are becoming intolerable, yet they continue dangerously to increase. We must find a way out. Who can be sure social credit is not that way out? We believe it is. Certainly he is unwise who obstructs the development of social credit, and the government that obstructs that development will be unwise also.

It will stand to the lasting credit of the right hon. the Prime Minister (Mr. Mackenzie King) that he has made public pronouncement on several occasions that he would do nothing to interfere with the bringing in of social credit in Alberta, and I feel sure that if there is any injustice in this matter, as we believe there is, it is entirely without the will or disposition of the right hon. gentleman or any member of his cabinet. We do feel that there is an element of injustice and discrimination, and that is why I am putting this matter before the sympathetic members of this house this afternoon. The Liberal party prides itself upon its record. Any discrimination against Alberta at this critical moment will be long regretted by Canadians. Little or no harm can be done by granting help to Alberta. Great harm may be done by denying that help. Having regard to all these considerations, I urge the government to disregard the recommendation of the Bank of Canada and to grant Alberta financial assistance pending the findings of the royal commission that is to be set up.

Mr. R. A. PELLETIER (Peace River): Mr. Speaker, in rising to speak on the second reading of this bill I hasten to say that I am not looking for sympathy. I am looking for justice. Just before the house adjourned at eleven o'clock on Wednesday last the Minister of Finance (Mr. Dunning) laid on the table a report of the Bank of Canada on the financial position of the province of Alberta, dated April 7, 1937. We had no opportunity to study this report that night, and this is the first opportunity we have had to make any observations with regard to it.

May I express great pleasure on noting that the condition of the province of Alberta is such that it does not require assistance? At the same time I should like to extend my sympathies to the people of Saskatchewan and Manitoba because of the situation in which they find themselves. The report admits that because the government of Alberta reduced the rates of interest payable on its bonded indebtedness, thereby saving the province some $3,400,000 per year, the province will not require any financial assistance from this government in order to carry on its administration—a most unique achievement in administration in the west and elsewhere, since I note that the province of Quebec expects a deficit of some $70,000,000 during the course of the present year. At first glance, therefore, financially speaking it would appear that in the province of Alberta at the present time all is serene; but closer inspection of this report reveals some rather unusual statements.

In the first place, the report begins by saying that the bank was charged with an examination of the financial position of the province of Alberta along lines similar to those followed in Saskatchewan and Manitoba. In part the report states as follows:

> As regards Alberta, we must note, in the first instance, that the decision of the government to pay only 50 per cent of the interest due on bond issues and savings certificates has had a major effect on the budgetary position and on the amount of the province's cash requirements.

It seems to me, Mr. Speaker, that this is sufficient to indicate a definite fact, since this is a financial report; but the bank does not stop there. It goes beyond all that and mistakenly imagines that it is its business to criticise government policy in a report intended to disclose a financial position only. By what possible stretch of the imagination can the Bank of Canada conclude that its opinion was asked with regard to government policy? What possible business of theirs was it to say in a report of this kind—and I repeat the words "of this kind"—such words as these:

> Yet we cannot report on the financial position of Alberta without expressing regret that this repudiation of interest liabilities should have taken place.

And further on:

> There are legal and moral reasons for the fulfilment of contracts—

And still further:

> Default produces a lack of confidence—

I submit that statements such as these have no place in a report of this kind. The bank was directed to examine into the finances of the province, not to criticize government policy. The report states that because Alberta reduced the interest on its bonds and securities, its cash position is such that it does not require assistance. That conclusion appears to be based on facts and therefore must be accepted; but what does this reduction of interest really mean? It simply means that this federal government has not had to advance funds for the payment of the relief bills of that province, as it has had to do in connection with Manitoba and Saskatchewan. Alberta has bettered its cash position by $3,400,000, and needs no assistance.

I am glad this report follows so closely upon the discussion in this house recently in regard to refunding operations in Saskatchewan. I am sure hon. members will recall vividly the vast amount of debt lifted off the backs of the people of that province, in part by this government. I believe the total was about $75,000,000, the share of this government being something over $18,700,000.

I hesitate to make my next remark in the absence of the Minister of Agriculture (Mr. Gardiner), but perhaps he may be made aware of the statement. We recall how the Minister of Agriculture swelled with pride at having so materially assisted in improving substantially the financial position of the province from which he comes. Remembering that, in the final analysis, public revenues must be extracted from the public, how then can it be maintained that a province which improves its lot by 3·4 millions ceases to require assistance, while another one having bettered its position twenty-five times more than the first must continue to receive assistance? Either the Bank of Canada has mislaid logic, or else the financial administration in the second province was twenty-five times worse than in the first one. If this be true, then Victor Hugo's immortal story of reward and punishment could nowhere be more justly applied than in this case. All hon. members recall the story of the individual who permitted a cannon to become loose in the hold of a ship and then, at the risk of his life, succeeded in spiking it in place again. The offender was decorated for his bravery, and was later shot because of his negligence.

I deeply sympathize with the people of Saskatchewan and Manitoba. They will be taxed to the breaking point to pay the bondholders their blood money and will be compelled to borrow to feed themselves. In the province of Alberta, too, they have tried in every possible way, short of selling themselves into abject slavery, to refund their debts. But the conditions they were asked to fulfil were conditions differing from those facing the other provinces. It was held at that time that Alberta must agree to a loan council scheme before they would be granted any money; but since that time other provinces have been granted funds time and again without being compelled to agree to any such refunding scheme. So I say the province of Alberta has definitely tried to materially improve its conditions. They found that interest charges and payments outside the province were heavy and certainly not warranted by the conditions obtaining at that time.

The people of Alberta have faced the depression with courage, and plenty of it. The farmers cheerfully carried on although their revenues decreased. At the same time wages of employees decreased. Everybody's revenue was smaller, and the people came to the conclusion, as the Prime Minister who is not now in his seat has often told us, that the wages of money must not be greater than the wages of men. Could the Prime Minister to-day stand in his place and blame those people for following the counsel which he himself has given, and which to a great extent he has offered in many parts of western Canada?

Notwithstanding the bank's report, let us see if Alberta deserves consideration. I believe that on this point my hon. leader (Mr. Blackmore) has shown that so far as orthodox finance is concerned, Alberta has tried to do its share. I do admit that I have not the patience of my leader, and on questions such as these I hesitate to say that Alberta should not have gone ahead a bit faster simply because she required assistance. When the bondholders of the province saw their plight, they should have given consideration to the matter. They had twenty years in which to act, but they did not choose to do so. They kept insisting on the last farthing of their interest. So I say: Is it any wonder the people of Alberta finally came to the conclusion that the wages of money should not be greater than the wages of men? I do not intend to go further on that point.

I wish simply to say that I am not a provincial member and I am not concerned with the manner in which they are doing things in the province of Alberta. But I am a citizen of Alberta, and as such it is my duty to stand in my place and to protest against the discrimination by this government against Alberta. I know the Minister of Finance (Mr. Dunning) will rise in his place and say: "Why, this was done at the request of the premier; this was done by an impartial commission; this was done by someone with whom we have no connection"—but that is not true.

The Bank of Canada is the creature of this government, and I say the government cannot forever escape responsibility for the actions of its creature. The government cannot forever hide behind commissions; it cannot forever evade responsibility by hiding behind such bulwarks. Commissions are falling upon Canada like April showers. We have a commission for this, that, and every other thing, and we seek to place these commissions in front of our government to the point where we have succeeded in creating government within a government. Perhaps by that means we are trying to escape our responsibility. I repeat, this government cannot forever get away from its responsibility by hiding behind a bulwark of commissions. The Bank of Canada is a creature of the government, and so I say that the government cannot hide behind the bank's report which discriminates against the province of Alberta

In conclusion, I should like to say this, particularly to the press of Alberta. I am not, as I said a minute ago, concerned with the actions of the provincial government of Alberta or with the actions of the supporters of the premier of that province; but I must say that the press of Alberta has definitely publicized and grabbed hold of the dissensions of which we are aware in the ranks of the supporters of the premier. The press has publicized the antics—I call them antics—of certain supporters; there is no doubt about that. I believe the press of Alberta would be well advised not to seek to gain political advantage or political ends by attempting to destroy a party within its own ranks; but they are doing that by grabbing hold of the dissensions within the ranks and publicizing the facts far and wide. I should like to warn the press of Alberta that it would do well to examine upon what monstrous fallacies some of these dissenters have suddenly swelled up with authority and have suddenly become awakened to their new born knowledge of the complete autonomy of the province. I say that the press of Alberta would be well advised to consider these facts. Why? Suppose they succeed—and I doubt that very much—in gaining their political end of destroying or defeating the government by that sort of propaganda; what would happen? Would it be a Liberal administration? Surely not.

An hon. MEMBER: Hear, hear.

Mr. PELLETIER: It will not be. You have simply to look at the reports of the province between the years 1905 and 1922, where the record of the government then in power is so clearly written; if that is done, hon. members will realize that there will never be that kind of administration in Alberta. Read the report, and you will see what loose administration did for the province between 1905 and 1922.

So far as Conservative thought in the province is concerned, may I say to the leader of the opposition (Mr. Bennett) that so far as Alberta is concerned we consider he is fully capable of representing every vestige of Conservative thought in that province, and no thought from another source is required.

In conclusion, I should like to protest emphatically against the discrimination made in the report against Alberta. Unlike my leader, I am not in a position to know whether Alberta does or does not want any money. For my own part I sincerely hope that they will not have to borrow any more. What I want to point out is that we as members of this House of Commons should be prepared to give the province of Alberta every consideration if and when any consideration is required so that it may not be said in the outside world that Canada punishes those who dare to express political ideas which are not considered as orthodox. In the name of democracy and liberty, therefore, I believe it is our duty to protest against discrimination.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, I should like to say a few words with regard to this report. The hon. member for Saskatoon (Mr. Young) received considerable applause this afternoon when he said that when he found a report of the tariff board to be not in sympathy with the principles of the party in power, he felt there was something wrong. As I read over the report of the Bank of Canada I am inclined to believe that there is something wrong. As the previous speaker (Mr. Pelletier) said, the Bank of Canada can be said to have been created by this government, and therefore it is bound to carry out the policies of this government. As I read the report I cannot help but feel that that is exactly what is taking place. I am not sure that this bank report is such an impartial thing. It seems to me to be prejudiced right from the first. I do not think the Bank of Canada was ever asked to comment upon the policies of any government, yet we find the following on page 37:

> In our report on the financial positions of the provinces of Manitoba and Saskatchewan, we expressed the opinion that the dominion government would be justified in extending temporary financial aid, pending the report of the commission referred to above.

And again:

> Yet we cannot report on the financial position of Alberta without expressing regret that this repudiation of interest liabilities should have taken place. There are legal and moral reasons for the fulfilment of contracts,—

What business had the Bank of Canada to say whether the reasons were legal or moral? I continue:

> —but, leaving these entirely out of consideration (although we do not minimize their importance) we believe that self-interest alone should have induced Alberta to fulfil its contractual liabilities in respect of interest. Default produces a lack of confidence which is not confined to prospective buyers of government bonds.

And again:

> Whatever opinion may be held in regard to the non-payment of interest at contractual rates, the fact remains that this is the policy which has been adopted and is in effect.

The hon. member for Saskatoon referred to the tariff board carrying out certain policies, but according to this report the Bank of Canada is reporting on the policy of the government of Alberta. I do not think that is in the best interests of this government or

of any commission that may be set up to investigate the financial position of Alberta. Politics should have been left entirely out of the matter. Whether or not the social credit government of Alberta is a success is no business of the Bank of Canada. The Bank of Canada was set up for financial reasons. They should have reported on the actual conditions, and then this house could have decided whether or not the report should be accepted or whether or not assistance should be offered to the province of Alberta. I am convinced that there has been discrimination. I may be wrong, and because of that doubt I should like to read a few figures which were tabled in this house.

I shall quote first from sessional paper 261 which outlines the appropriations made by orders in council. These amounts were not handed over because of statutes passed by this house; they are not similar to the $18,000,000 granted to Saskatchewan and the $8,000,000 to Manitoba. These moneys were granted by orders in council. Under P.C. No. 278 Saskatchewan received $5,005.44. Under P.C. No. 279 of February 4, Manitoba received $2,214.74. Under P.C. No. 2137 of July 24, Alberta received $21.69. Under P.C. No. 3835 of December 17 Alberta received $3.79.

Mr. DUNNING: Is my hon. friend quoting from a statement of loans? I cannot identify the paper he is reading from.

Mr. JOHNSTON (Bow River): These are the amounts given under orders in council.

Mr. DUNNING: No.

Mr. JOHNSTON (Bow River): They were renewal loans made by the dominion to the provinces of Alberta, Saskatchewan and Manitoba since October 15, 1935.

Mr. DUNNING: The misunderstanding between my hon. friend and myself is that he says the moneys were given whereas, in fact, the moneys were loaned. There is a difference between a gift and a loan.

Mr. JOHNSTON (Bow River): Yes, there is.

Mr. DUNNING: Alberta had the right to borrow under precisely the same authority and she did it to the extent that she desired. She was not debarred in any way. If there are no amounts there for Alberta, it is because she did not apply for them during that period.

Mr. JOHNSTON (Bow River): The more credit to Alberta.

Mr. DUNNING: I am not trying to discredit Alberta.

Mr. JOHNSTON (Bow River): I was just giving the moneys loaned to the provinces.

Mr. DUNNING: Surely my hon. friend should not quote those in an attempt to prove discrimination.

Mr. JOHNSTON (Bow River): I notice that considerable emphasis was placed in the report on the road construction which has taken place in Alberta. The report criticized the province very severely for its road program. I should like to quote from an article which appeared in the Ottawa Citizen of this morning with regard to the same type of construction in connection with which Alberta is criticized for spending too much. During the same period Manitoba, Saskatchewan, Quebec and Ontario were spending much more than Alberta. I quote:

> Nevertheless, expenditure on highways is a sound investment, and both provinces will be repaid in the long run. The tourist harvest is only in its infancy.

That referred to expenditures in Ontario and Quebec. The sort of expenditure for which Alberta was criticized by the report is advocated in this article as being a sound investment. I should like to quote from sessional paper No. 192A, being a return showing what sums of money were allotted by the federal government in 1936 on relief work projects in connection with the various provincial governments, and what sum has been allotted by the federal government to each separate province for such projects. The figures given are as follows:

Nova Scotia	$ 25,000
Quebec	346,772
Ontario	372,133
Manitoba	266,667
Saskatchewan	69,000
British Columbia	296,851
Alberta	Nil

I have before me sessional paper No. 192B, being a return showing how much the federal government contributed to each of the provinces, last year and in the current year, in the form of cooperative public works and enterprises, to assist in the relief of unemployment. The figures are as follows:

Yukon	$ 20,000
Northwest Territories	37,500
British Columbia	251,000
Saskatchewan	57,300
Manitoba	270,000
Ontario	345,700
Quebec	345,000
Nova Scotia	25,000
Alberta	Nil

Mr. DUNNING: Would my hon. friend say that that is discrimination?

Mr. JOHNSTON (Bow River): The minister may be correct in saying that it is not

discrimination, but I contend that if Alberta had not requested money on this basis and now requires assistance, she should be given assistance. It seems to me that that is logical. The fact remains that she has not received the financial assistance that the other two provinces have had. That in itself, I think, is evidence that the province has been discriminated against. In my opinion this report is based upon political presuppositions and should not be taken into consideration by this house. When the government makes its decision on the matter it should disregard the report and should assist Alberta if Alberta needs its help.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, in view of the lateness of the hour, the desire to conclude the business of the house, and the intention of the minister to make a statement, I shall be brief. The minister does not regard what has taken place as constituting discrimination against the province of Alberta. I accept his statement that there is no intention to discriminate, but the result is discrimination. That is the point I endeavoured to make last evening, and I still think it is warranted.

I shall not discuss the merits of the report; that has been done by hon. members to the left. I suggest, however, that it makes clear that had Alberta been provided with funds to the same extent as were other provinces, and had it not made the effort to meet the situation that it did make by means of fresh taxation, undoubtedly the position qua the federal government would have been much better than it is now. For whatever else may be said about the report this at least is evident, that it indicates that the present provincial government has not been averse to the imposition of fresh taxation in an endeavour to meet the extraordinary conditions which confronted it. It is also quite apparent that had that government been less anxious to balance its budget, less concerned about making a better showing as between income and outgo, it would have secured assistance from this government.

Mr. DUNNING: Of course the loan privilege has been available right along. That is correct.

Mr. BENNETT: I think that is clear.

Mr. DUNNING: As far as the loan privilege is concerned.

Mr. BENNETT: Instead of doing that the government of Alberta imposed on the people fresh taxation, a two per cent sales tax and other taxes, and reduced expenditures to the point indicated. It is a matter of some satisfaction to me to read that report. From 1905 to 1922 constitutes one period. During all that period there was none other than a Liberal government in control in Alberta, and during that time the public addresses I made about the Alberta situation were mainly confined to its financial position. I pointed out that in the early years of the province they exhausted the whole field of taxation, with results which were inevitable, although I had not expected that in my lifetime I would find a report such as this. What followed from 1922 until the advent of the present administration was a government by the United Farmers of Alberta. In the early days of their administration, as will be apparent from looking at the report, the situation was not bad. Latterly they became careless—to use a mild term. The result is that the present government succeeded to an intolerable condition, one which represented obligations on the part of Alberta far beyond those of the other prairie provinces, obligations in connection with telephones, railway guarantees, irrigation guarantees, all the results of what may be termed a reckless expenditure of public moneys on matters for which no government, in the opinion of most of us, should undertake financial responsibility. That being so, I think the present government in Alberta has not received the financial assistance to which it is entitled. I say that not absolutely but in comparison with Manitoba and Saskatchewan.

I am not going to dwell upon this topic. Hon. members to the left have referred to it at some length. This, however, I will say. The minister made a declaration of policy, and it involved the idea that the western provinces were to care for themselves. It became essential, in the judgment of the minister and the government, to adopt another view, but in the meantime the injury to Alberta had been done; I do not think that can be successfully controverted. The minister pointed out on other occasions and indicated last night his dissent from the views I expressed in connection with this matter. But I merely put this to the government: had Saskatchewan and Manitoba received the same treatment as Alberta they would have defaulted.

Mr. PELLETIER: Right.

Mr. BENNETT: That, I submit, is the test. I think it is a fair test. Had they received the treatment accorded to Alberta they would have defaulted.

Mr. PELLETIER: There is no question about it.

Mr. BENNETT: Instead of defaulting in toto, the government of Alberta imposed fresh taxation, and paid only half of the interest called upon by the contract. The province could not pay the whole of it unless it took the money from other services, including relief, and then borrowed from the present federal government.

Mr. DUNNING: Which is precisely what the others did.

Mr. BENNETT: I was going to say—which was the policy adopted, not by the present Minister of Finance, but by his predecessors; that is, that when a province found it essential to secure fresh money to enable it to meet its obligations, both principal and interest, we did advance by way of loan the money for that purpose. As I have said previously, I am not sure in the light of subsequent events that the policy was wise, but we believed that at that critical time it would not be wise that the province should default. This report would seem to indicate some belief on the part of the Bank of Canada that that was a sound view.

But the difficulty is that we have permitted one province to default. The federal government says that that is because the province of Alberta did not take appropriate steps to secure for itself the money that might have been available to prevent default. That is the position of the federal government. On the other hand the province asserts that the attitude taken by the federal government was such as to make it impossible for the province to survive and pay the whole of the interest on its obligations. I am not going to discuss that issue, beyond saying that I feel a warm interest in that great province. I saw it come into being on September 1, 1905. I had been a member of the old territorial legislature before it was a province. I warned—I trust no one will think the word is too strong—the government of the day of what the inevitable result must be, with a population so small and an area so great. The illustration I used to use was that there was a new book opened without an entry in it; it was full of white pages, and we began to write our history, and our financial history is a long series of extravagances that culminated in 1922 in the then government being destroyed. There was some improvement, and then events followed quickly to the present position.

The second point I desire to make—and I am not going to develop it—is that I think Alberta has the right to say it has been discriminated against by the Bank of Canada. I have explained to the minister what I mean by that. It is only necessary for me to say that the only province in Canada to which an advance was made by the Bank of Canada was Saskatchewan, and that Alberta applied to the bank and was refused. The answer is that it was fully believed by the bank that a loan council was to be established such as Australia had, and in the light of that belief the bank acted. I will not traverse the matter further than to say that I cannot but think that that action constituted discrimination against Alberta.

Mr. DUNNING: But they were offered the same.

Mr. BENNETT: They were offered the loan council. The minister will recall what took place in this chamber. There was a modification of the proposals which came after they had refused.

Mr. DUNNING: No.

Mr. BENNETT: Then the minister said he made known the fresh proposals to the province of Alberta.

Mr. DUNNING: That is right. That was not after the default, though. My right hon. friend is in error.

Mr. BENNETT: Oh, no. The minister misunderstood me. It was after the first proposals had been declined: that is what I wanted to make clear. The modified proposals were not presented in the same way that the matter had been dealt with in the first instance, for reasons which the minister made clear last year. On the whole, therefore, we have some reason to complain. I do think that on the strength of that report the government should have included a conditional item in the estimates. Alberta cannot get any money from the federal government, but this report says that if the province puts itself in the same position as the other two they will recommend that advances be made. Let us assume that Alberta says to the unfortunate lenders, "We are going to pay you your interest in full;" this government cannot assist the province. But this report states that if Alberta had put herself in the same position, qua the federal government and qua her creditors, as the other provinces did, recommendation would have been made that assistance be given.

Mr. DUNNING: Because they would not have had the cash then to carry on the normal functions of the province.

Mr. BENNETT: I am not talking about the past. I quote the language of the report itself, which says that mistakes of the past will not help the immediate moment.

Mr. DUNNING: Not past, I said "cash." They would not have had the cash. They would not have had the money to carry on the normal functions of the province.

Mr. BENNETT: The fact is that by cutting the interest rate they had an additional sum for general services.

Mr. DUNNING: Three and a half millions.

Mr. BENNETT: The figure is $3,400,000. That additional sum thereby became available for relief and other purposes, and that is not the sum which it was necessary to ask the federal government to advance. Now assume that the government of Alberta, in order to meet the views of the Bank of Canada and restore its credit, said, "From now on we will pay all our instalments in full," there is no provision in the estimates to enable such advance to be made, and the legislation that is before the house in the name of the Minister of Labour is not broad enough to deal with that situation. That is my difficulty.

Mr. DUNNING: I will deal with that.

Mr. BENNETT: If, for instance, it is contemplated that Alberta may receive money to enable her to meet the situation, the fact that the province has met it in a special way results in her being deprived of any help; and if, in the face of that, she endeavours to make other arrangements, this government should be in a position to make advances. And it is not. In other words, if the supply bill contained a provision by which, in a certain contingency, Alberta could be placed on a par with Saskatchewan and Manitoba, then certainly I as an individual member of the house would be content.

At page 40 of the report the bank states:

> Our recommendation of dominion government assistance in the cases of Manitoba and Saskatchewan was based on urgent needs of those provinces for cash during the time required for the examination which will be conducted by the royal commission.

That is Alberta's position, and there is no provision to meet it.

> If Alberta were now paying full interest on its obligations, the province in 1937-38 would presumably have to borrow its full share of unemployment relief from the dominion, and on the basis of budgetary estimates (not including debt retirement) would have a cash shortage of about $600,000. Its position would be a little worse than that of Manitoba, but distinctly better than that of Saskatchewan; and a claim for assistance would, no doubt, be considered in the light of these facts.

Now, how can that be done under the present arrangement? The premier of Alberta and his government may say, "Pending this commission's report, we will pay our coupons in full, and we will then go to the federal government and ask for advances to enable us to discharge our obligations which heretofore have been paid out of local taxation." There is nothing in the statute that enables them to do it. That is a discrimination.

Mr. DUNNING: If that is the only discrimination which my hon. friend thinks exists, I am pleased indeed.

Mr. BENNETT: I have traced what I regard, but the minister does not, as a discrimination. But it is real, because if I were responsible for the government of Alberta, in the face of this report I would say, "Well, a royal commission is going to deal with this matter, and in order to ensure that our position will be satisfactory from the standpoint of the Bank of Canada, we will provide that our treasurer pay the coupons as they fall due between now and the time the report of the royal commission is submitted." Can the minister provide the necessary money for that purpose?

Mr. DUNNING: I will deal with that.

Mr. BENNETT: If he says he can, then I am very much easier in my mind. If he says he cannot, then I submit that there has been created a situation that is unfair, unjust and inequitable according to the terms of the report itself. For in the estimates we have provided for the two provinces of Saskatchewan and Manitoba. And remember, the government was dealing with a budgetary condition in future, and not a present condition; and as it was not dealing with the present, it follows that to put the province on an equality with Saskatchewan and Manitoba, provision should be made to deal with whatever situation the actual results of the present budgetary provisions disclose. But that has not been done. If the minister tells me that there is authority under the law to enable him to deal with the situation, I shall certainly be not only content but pleased to think that provision has been made for a contingency which, in my opinion, may very easily arise.

There are many aspects of the subject that might be discussed, but in view of the lateness of the hour I desire only to summarize the position as it appears to me, and I suggest that if it were possible in the supply bill to add a section that would provide for payments in the event of the contingency arising which is contemplated by the report, then there would be no cause for complaint on the ground of discrimination. I hope the report will be printed the same as the others.

Hon. CHARLES A. DUNNING (Minister of Finance): It will be. All members of the

house will agree, I think, that no matter within the purview of the administration of the government of Canada during the past number of years has been more difficult than the type of problem which is now under discussion. Whether it relates to one province or another, it is embarrassing not only to the government, but also to the members of the house. We are here, sir, I take it in the relation of trustees for the people of Canada in respect of the moneys which come within our control—and I am speaking now of control by parliament. Unfortunately as a deliberative assembly we suffer from the peculiar handicap associated with a federal system of government. We all come from provinces having local self-government, provincial self-government, within the ambit of our constitution. And so at times there must be in the mind of every man here in some degree a conflict of interest, if he follows the maxim enunciated by Burke, one which has been often expressed in this house, that the member of parliament is a representative of all the people of Canada, rather than merely of the people of his particular constituency. In our case it is complicated further by the fact I have just stated, that we have our provincial entities with their responsibilities and their peculiar constitutional relationships with the federal government. I do not intend to labour the point, but problems of this kind do emphasize once more how difficult a country Canada is to govern.

I listened with great care to the leader of the social credit party (Mr. Blackmore) and I know that other members of his party will forgive me if I accept his assessment of the value of the report made by the Bank of Canada upon the affairs of Alberta, rather than the assessment made subsequently by the hon. member for Peace River (Mr. Pelletier) and the hon. member for Bow River (Mr. Johnston). I thought the leader of the social credit party was restrained in his remarks and very fair with respect to the work done by the bank in this investigation. In passing I just wish to mention, in fairness to the bank—and I suggest it particularly to the two hon. members who were criticizing the bank—that the Bank of Canada made its examination on the specific request of the premier of Alberta, who asked for what? He asked for an examination based upon the same principles as the examinations conducted in Manitoba and Saskatchewan. Presumably the premier of Alberta knew the basis of those examinations and expected to get the kind of report which was made with reference to the other provinces. I think any impartial reader of the report will say that if the criticisms of my hon. friends from Peace River and Bow River are well founded with respect to this report, they are equally well founded with respect to the other two. I disagree entirely of course with their view in that regard. I believe all the reports are models of restraint, and deal in clear-cut fashion with the problems set before the bank for examination. In fact I believe that we have here an indication of the valuable service which a central bank can render to a country in times of difficulty such as these.

I shall go back but a moment to the past, referred to by the leader of the opposition (Mr. Bennett)—a past as far as this government is concerned. It will be remembered that a year ago we faced a problem in connection with all four of the western provinces, including British Columbia. This government reached the conclusion, after grave, lengthy and serious deliberation, that the dominion could not continue to take over the debts of the western provinces; in other words, the dominion could not continue to advance money to the western provinces to enable them to pay off their debts. Regardless of the other purposes for which we might consider it desirable to advance money to those provinces, we did not deem it sound policy to get into the position where the principal creditor of the provinces would be the federal government. We believed, and believe still, that such a relationship would negative our constitutional relationship as between province and dominion. We did not believe that the whole people of Canada were called upon to assume the debts of the provinces. So we said there would be no more advances to enable any province to meet maturing obligations.

Sir, we applied this policy absolutely and entirely without discrimination. We had applications from all the western provinces. Then, in an attempt to meet the situation, the dominion-provincial conference came to the unanimous decision to adopt a modified loan council idea, and they had our assurance that we would place the matter before parliament. While that process was going on maturities took place in British Columbia, Alberta and Saskatchewan, and I think a small one in Manitoba. It seemed to us that anything which could be done to anticipate the coming into force of the then contemplated loan council legislation, in order to prevent any of these provinces from being the first among Canadian provinces to default, would be worth while. But of course in order that it might be effective the province concerned necessarily had to consent to take

advantage of the loan council plan. British Columbia said, no; British Columbia got no advance to meet its maturity. Alberta said, no; Alberta got no advance to meet its maturity. Manitoba said, yes, conditionally; we were not in a position to accept conditions, and Manitoba got no assistance. Saskatchewan said, yes, we will go in. But by the time they said yes, this government had no authority from this parliament to loan money for that purpose. The old peace, order and good government legislation had expired and we had no authority. They went to the Bank of Canada, and the Bank of Canada, without being prompted by this government in the slightest degree—in fact I had no knowledge of the initial negotiations—expressed a willingness to advance the money to save default, provided it had satisfactory assurance from the government of Saskatchewan that it would introduce the necessary provincial legislation to enable that province to enter the loan council scheme, and provided that the bank had assurance from the government of Canada that it intended to proceed with the loan council scheme. Saskatchewan gave the necessary assurance. Naturally we also gave the assurance, and the funds were advanced to Saskatchewan by the Bank of Canada to meet that maturity. Were it not for that particular instance there would be no question of misunderstanding between the leader of the opposition and myself. To him the history of that transaction involves discrimination against the other western provinces. To me it does not, because I have been conscious of nothing throughout this whole difficulty more than a desire to treat each of those provinces absolutely equitably. When I say equitably, I do not mean equally. Equal treatment is impossible. Equitable treatment is possible, and I maintain has been extended by this government since we came into office. What do I mean by equitable treatment? I mean the establishment of a principle which is available to all, which applies equally to all, and which depends for its working upon acceptance by each.

The hon. member for Bow River read a list of loans, showing as he said discrimination between Alberta and the other provinces. The only reason the province of Alberta did not get money during that period is that it did not ask for it. Surely it is a poor argument to say that when we have here on the statute books legislation which would enable the province to borrow, because she did not choose to avail herself of it, therefore we discriminated against her.

Mr. BENNETT: What does the minister mean by saying she did not ask?

[Mr. Dunning.]

Mr. DUNNING: Last year. My hon. friend read a list of loans made to the various provinces under the provisions of the unemployment and agricultural relief legislation of my friend the Minister of Labour.

Mr. PELLETIER: I would like to correct that statement. It was a list of grants by the Department of Mines and Resources for road construction in the province. I read that from the sessional paper.

Mr. DUNNING: I am now speaking not of the hon. member for Peace River but of the hon. member for Bow River. Everything which was available to the other provinces was available to Alberta during the past year since the passage of that legislation. I think the Minister of Labour and the Minister of Agriculture will confirm that.

Mr. BENNETT: The statement made by the premier of Alberta is that he did apply for loans and was refused.

Mr. DUNNING: He has been refused no loan under the terms of that legislation.

Mr. BENNETT: What legislation?

Mr. DUNNING: The legislation of a year ago.

Mr. BENNETT: But there was no loan council.

Mr. DUNNING: No, I mean the relief legislation under which the Minister of Finance was empowered to lend to a province its share of direct relief which the province was unable to finance itself, and also its fifty per cent or other share of the cost of any of the joint works entered into under agreement with the Minister of Labour.

Mr. BENNETT: In other words the whole of the cost.

Mr. DUNNING: The other half being a contribution, but the Minister of Finance was empowered to lend the half which must be supplied by the province. The other provinces took advantage of that in varying degrees, but precisely the same machinery and precisely the same treatment were available to all the provinces. My hon. friend the Minister of Agriculture (Mr. Gardiner) points out that the other provinces did it in advance, while the province of Alberta spent its own money and afterwards applied to us, and in spite of that fact they got the money last year to the extent of over $600,000, if my memory serves me aright.

Mr. BENNETT: That would be a proper way under the act, I should think, to come in afterwards and ask for it.

Mr. DUNNING: The agreement, of course, must be antecedent. The same applies with respect to seed grain. A year ago Alberta did not ask for guarantees with respect to seed grain; it did the business in a different way and secured advances in a different way, under its own special legislation. In Saskatchewan the matter was dealt with by the legislation of a year ago and by guarantee. This year Alberta and Manitoba both decided that the guarantee method was more efficient and probably would tend to bring about better collections of the amounts advanced. Alberta comes along and gets $1,600,000 of a guarantee in connection with seed grain. Saskatchewan gets a vastly larger sum. I ask my hon. friends in the corner, was that discrimination? Saskatchewan gets a guarantee of $6,600,000 for seed grain; Alberta gets $1,600,000. If what my hon. friends refer to is discrimination, then surely this is discrimination also.

Mr. PELLETIER: That is a different thing.

Mr. DUNNING: My hon. friend says that is a different thing. Why? Because the basis in each case was the need.

Now I come to the problem which we faced a few months ago in connection with Manitoba and Saskatchewan, following the economic effects of the last crop, or lack of crop. We had this condition. Neither Manitoba nor Saskatchewan nor Alberta could borrow more money other than from the government of Canada. Manitoba and Saskatchewan were borrowing and did borrow to the limit permitted by the legislation of last year, under the agreements to which I have been referring. Alberta has not required to do so to so large an extent, for the reasons set out in the bank's report. She did not need cash from this government for all of the provincial share of relief expenditures because she withheld cash from her bondholders in the form of one-half of the interest on all Alberta bonds, to the extent of $3,400,000 in a full year.

Mr. JOHNSTON (Bow River): That was a direct assistance to the government, was it not, and not to the province?

Mr. DUNNING: It did not assist the dominion; the province of Alberta decided to do that of its own volition. I am not commenting on the wisdom of that action or anything of the sort, but I can say that it seriously reflects upon the credit of this dominion that one of its provinces should arbitrarily cut in half its interest obligations. As Minister of Finance of this country I have to say that, because it is the truth. If we have three or four or five provinces doing the same thing it will make matters very difficult for this country and for the people of the country as well.

Mr. LANDERYOU: It assisted the dominion government; the money was used for relief purposes.

Mr. DUNNING: My hon. friend is not following my point at all.

Mr. BENNETT: The answer is that they can no longer complain that they did not get the money.

Mr. DUNNING: You cannot have it both ways. If you take $3,400,000 from the bondholders and distribute it in relief you surely cannot justify asking for the same $3,400,000 from the people of Canada for relief. That is taking an extreme view of the case.

We found this condition, as I say. Three provinces could not borrow save from the dominion government. Under what conditions should the dominion government advance money to any province, for the purpose of carrying on the ordinary essential services of that province—not relief, remember, because the legislation with regard to relief provided two things: a cash grant from the dominion and ability on the part of the dominion to lend to the province the whole of the remainder which was the province's share. It was a question as to how far the people of Canada should go and under what conditions the money of the people of the whole of Canada should be granted to the people of a province in order to maintain the ordinary essential services of that province and enable it to meet its obligations.

It was for that reason that the Bank of Canada was asked to examine the situation, by Manitoba and the dominion in the case of that province, by Saskatchewan and the dominion in the case of Saskatchewan. What was the basis of it? The basis was this: First, is the government or the legislature of the province taxing its people to the limit that might reasonably be expected under prevailing conditions; second, is the legislature and the government of the province as economical in its expenditure on services as can be reasonably expected under prevailing conditions; third, what is the cash position? In other words, the first two conditions having been determined as accurate and sound, what then will the set-up be to enable the people of that province to receive a reasonable minimum of essential services from its provincial government? That really was the simple question. It was a question of how much cash was there, not where it came from. What amount of cash would be made avail-

able by the budget of the province, having regard to the two factors that I have mentioned as principal factors, that is: are they taxing as much as reasonably can be done, and are they as economical as can be reasonably expected under the circumstances? The reports of the bank on all the provinces go into all those matters very fully, and the leader of the social credit party was very frank in his praise of the dispassionate manner in which that was done in all the reports.

Having reached Alberta, what do we find? We find that because the province is not paying $3,400,000 to its bondholders it therefore has that much more cash which, if it wishes, it can apply with respect to relief, and thus not borrow from the dominion to meet that expenditure.

Mr. BENNETT: As it did.

Mr. DUNNING: As it did to a degree; I think $600,000 was borrowed last year. Of course it can do anything else it likes. But the fact is that the bank find they have in sight from their own budgetary position this year, including that saving of $3,400,000, sufficient to take care of all their expenditures, including relief, except funds desired actually to pay off $1,200,000 of Alberta's present debt.

Mr. BENNETT: If their hopes are realized.

Mr. DUNNING: Yes. Well, can it be argued for a moment that when a province has sufficient cash, no matter by what means secured, to meet all its budgetary requirements except the retirement of $1,200,000 of its debt, we would be justified in taking the money of the people of Canada and granting it to that province? That is the whole point. To enable the province to retire its debt, we would thereby be increasing Canada's debt.

Mr. BENNETT: But it is not cash which it has, it is only expectations. That is the only point between us.

Mr. DUNNING: I therefore must rely upon the examination made by the bank. The bank's opinion is that the budgetary estimates of the treasurer of Alberta are reasonable, and that the results may reasonably be expected to be what is forecast.

Mr. BENNETT: Although last year they were sadly disappointed.

Mr. DUNNING: Yes. But they have the advantage of last year's experience in arriving at what the yield of the new tax instituted last year will be this year.

Mr. BENNETT: But they had a sales tax last year.

[Mr. Dunning.]

Mr. DUNNING: Yes, for the first time. And I am saying that the experience of last year certainly will make their estimate for the coming year much more reliable.

Mr. BENNETT: It produced less than half of what they had expected.

Mr. DUNNING: And the estimate for the coming year is based upon last year's experience. The Bank of Canada's opinion is that the budgetary expectations of Alberta may well be realized. If that is so—

Mr. BENNETT: "If" is the trouble.

Mr. DUNNING: If they are even a million dollars out would we be justified?—because remember that $1,200,000 is to be used to reduce the capital debt of the province.

Mr. BLACKMORE: If the minister would permit me, I should say that that $1,200,000 is to go to cover some of the Alberta savings certificates, and really I do not think we should look upon that in exactly the same light as we would upon a regular debt. It seriously affects the credit of the province.

Mr. DUNNING: Not from the standpoint of affecting the credit of the province. But I can assure the hon. member that I would like to show him scores of letters—yes, it will run into hundreds—from people who are unfortunate enough to hold Alberta bonds in small amounts, and who write to me protesting bitterly that because they do not live in Alberta and hold an Alberta savings certificate, but instead hold a $1,000 bond of Alberta, they cannot get any money, or, I should say, can get only half their interest. It is only in connection with the savings certificates that an effort is being made to pay off in full. That is the complaint which is made. I am not making it, but I point out to the hon. member that in the eyes of those to whom the money is owing under contract their interest is being taken and is to be used, according to the plan for the coming year, to the extent of $1,200,000 for the purpose of redeeming in full the Alberta savings certificates, which are just as much a part of the debt of Alberta as is the bond of indebtedness, the only difference being that they are owed to the residents of Alberta, whereas the poor people who hold bonds in small amounts have their interest cut in half—one of the unfortunate incidents connected with any blanket scheme of arbitrary interest reduction.

However, the point is that if Alberta needed cash this year, subject to imposing taxation, which the bank reports they have done to a reasonable extent, and subject to the economic administration of which there is a slight criticism with respect to the contemplated expendi-

tures on roads and bridges, it would be a different story. But they have reasonable expectations of having enough cash to perform the essential services of the province, including relief, and their estimated deficit arises merely from their desire to pay off a substantial amount of the savings certificates to which I have referred.

I now come to the final point brought up by the leader of the opposition. He visualizes the possibility that during the year Alberta might decide to pay the interest charges in full. I have no opinion to offer as to whether or not that is likely, but the leader of the opposition is of opinion that the dominion in such circumstances should be prepared to assist.

Mr. BENNETT: To deal with them the same as in the other cases.

Mr. DUNNING: I can only say in that regard that if we assume such a condition, and assume also that the budgetary position of the province is as reported by the bank, we assume in that case a shortage of $600,000 in Alberta this year, according to the bank's report. May I suggest to my right hon. friend that such a shortage obviously would not become a serious matter until towards the close of the fiscal year, and I am quite sure that under those circumstances no dominion government could refuse to propose to the house at the proper time, and as soon as convenient, terms precisely the same and on the same principle as those accorded to the other provinces in like circumstances. Because instead of our changing our principle to conform to what an individual province wishes to do, we would have the situation of a province conforming to the principle which had been applied to the other two. I am in the judgment of my colleagues in the house when I say that I am quite sure that under such circumstances provision would have to be made to meet the situation.

I do not think there is anything further I have to say, but I do hope that if I have done nothing else I have at least convinced hon. members of the social credit party of Alberta that this government, and myself as the officer responsible for advising the government in regard to these matters, have laboured to avoid the slighest hint of discrimination in our attitude towards any of the provinces which have been involved in these difficulties. As I pointed out, British Columbia was refused under precisely similar circumstances, and I venture the statement to-day that British Columbia is glad rather than sorry that it was refused the loan on that occasion.

Mr. PELLETIER: What funds did it use in lieu of the loan?

Mr. DUNNING: I cannot say offhand, but I do know that on the basis of its own credit—

Mr. PELLETIER: It was sinking fund, was it not?

Mr. DUNNING: I believe they used some of their funds, and the credit of British Columbia in the markets of the world has gone steadily upward since that refusal. I believe that is all I have to say.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

Sections 1 to 6 inclusive agreed to.

Schedules agreed to.

On the preamble.

Mr. PELLETIER: There are two statements which I cannot let go unchallenged. The Minister of Finance stated that the three western provinces were treated alike so far as the loan council scheme was concerned. I should like to ask if the province of Alberta was given the opportunity of refusing the same terms offered to the province of Saskatchewan?

Mr. DUNNING: Exactly.

Mr. PELLETIER: The minister stated that the credit of the provinces affected the credit of Canada as a whole. It is a fact that Alberta has had to default on a portion of its interest. I should like to know if the minister feels that if the federal government does not provide the necessary assistance to Manitoba and Saskatchewan, those two provinces will be forced to default.

Mr. DUNNING: I am not prepared to answer that latter question. I am in a position of too great responsibility in relation to the credit of Canada to answer such a question.

Preamble agreed to.

Bill reported, read the third time and passed.

MESSAGE FROM THE GOVERNOR GENERAL'S SECRETARY

PROROGATION OF PARLIAMENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following message:

Sir, Ottawa, April 10, 1937.

I have the honour to inform you that His Excellency the Governor General will proceed to the Senate chamber on Saturday, April 10, at 9 p.m. for the purpose of proroguing the present session of parliament.

I have the honour to be, Sir,
Your obedient servant,
A. S. Redfern,
Secretary to the Governor General.

COMBINES INVESTIGATION ACT

CONCURRENCE IN SENATE AMENDMENTS

Hon. NORMAN McL. ROGERS (Minister of Labour) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 41, to amend and consolidate the Combines Investigation Act and amending act.

He said: Mr. Speaker, perhaps it will meet the convenience of the house if I deal briefly with the main features of the amendments to Bill No. 41 as returned to this chamber from the other house. When Bill No. 41 was sent to the Senate and referred to the banking and commerce committee of that house certain objection was taken to the bill upon the ground that sufficient time did not remain for the proper consideration of its provisions. Without conceding that point, we recognized that it was desirable that we ought not to give any basis for objection upon that score. Therefore it was arranged that the act of 1935 should be substantially re-enacted as an amendment to Bill No. 41, with certain significant changes. These changes are in the following terms. First, that the administration of the combines act should be transferred from the trade and industry commission to a commissioner under the Minister of Labour. Second, that the provision with respect to the admissibility of documents which had been twice rejected by the Senate should be incorporated in the present bill.

Mr. BENNETT: With slight changes.

Mr. ROGERS: I may say that most of the other amendments in the bill as now returned from the senate are consequential upon the changes I have indicated. There is one further change to which I wish to direct the attention of this house. The senate has made an amendment to provide what might be described as judicial intervention before the commissioner under the combines act can exercise his compulsory powers with respect to the summoning of witnesses and the production of papers.

Mr. BENNETT: And the holding of other than a preliminary investigation.

Mr. ROGERS: And the holding of other than a preliminary inquiry under the provisions of the act. I do not think it is necessary to deal with the arguments advanced in the senate in support of that provision. I think it will suffice to say at this stage that we are prepared to accept that amendment with considerable reluctance. That reluctance is not based upon any lack of confidence in the matter in which the functions imposed upon the chairman of the Dominion Trade and Industry Commission or the president of the Exchequer Court of Canada may be discharged. My reluctance is concerned solely with my desire that no change in the existing legislation shall serve to impair the effectiveness of the method of investigation which was contemplated originally in the anti-combines legislation, and which has been provided for in all the subsequent amendments. My fear was, and is, that to require judicial intervention may lead to a dilatory procedure, which in turn may interfere with the effective administration of the act.

It may well be that my fears in that regard are groundless. I would say that during the coming year we shall have ample opportunity to determine how far the legislation as amended by the senate will enable us to achieve the legitimate purposes of the Combines Investigation Act. If we find in practice that the amended legislation does not enable us to realize the purposes of adequate investigation of the large scale business operations of this country, then we will be prepared to introduce further amendments in this house at the next session. We have accepted the amendments, particularly in view of the fact that as we approach what is generally conceded to be a phase of rising prices, we believe it is most imperative that the government should possess a combines act which will enable it to deal effectively with any abuses which may occur through the great power enjoyed by some business corporations or combines in producing an artificial enhancement of prices which is not due to the normal working of demand and supply. Mr. Speaker, subject to what I have said, I now move concurrence in the senate amendments.

Right Hon. R. B. BENNETT (Leader of the Opposition): I have only had an opportunity of reading very rapidly through the proposed amendments to Bill 41, but I followed with extreme care the statement made by the Minister of Labour (Mr. Rogers). I cannot but think on looking over the amendments that we have done something by their acceptance at least to give greater assurance of civil liberty in this country. Whether or not the result is as indicated by the minister, I feel quite certain that there will now be greater confidence in the measure, for it does not arbitrarily subject suspected persons to penal treatment until such time as they have been found guilty. To that extent the amendments are a distinct improvement.

Also, although it had not occurred to me that the matter should be so dealt with when

we were considering it in this chamber, I believe that on reflection every hon. member will agree that it is in the interests of the country at large that there should be judicial intervention and what amounts to the fiat of a judge before the powers conferred upon the commissioner are exercised with respect to either (a) an investigation under oath, or (b) the punishment of witnesses, or (c) the production of documents, in view of the fact thet the contention which we made as to the admissibility of evidence of documents has been conceded, subject, of course, to the provision that they must be used in a trial for infringement of the provisions of the act or of section 498 of the criminal code.

I feel it is only fair to say, in view of the strenuous attitude taken by the minister with respect to the legislation, that he should be congratulated upon having accepted what I cannot but think will be regarded as a reasonable compromise, protecting on the one hand every legitimate claim that any person in Canada could make either as to regularity of procedure, opportunity to be heard, or deprivation either of property or individual liberty; and on the other hand he will find that in operation the bill will be satisfactory.

There is one section which I certainly still think is wrong, and that is the one which takes away from the Dominion Trade and Industry Commission the powers which would, for instance, be called into operation if the furniture manufacturers of Canada were to be asked to meet together to submit plans for reorganization.

Mr. ROGERS: It was to be exercised at discretion by the governor in council.

Mr. BENNETT: I was not quite sure.

Mr. ROGERS: Yes.

Mr. BENNETT: That is what is to be done about it?

Mr. ROGERS: Yes.

Mr. BENNETT: Well, that is better than the proposal as I saw it originally.

Mr. ROGERS: It was originally so.

Mr. BENNETT: No.

Mr. ROGERS: Yes.

Mr. BENNETT: No, no. The minister and I are at cross purposes.

Mr. ROGERS: I am sorry.

Mr. BENNETT: As the act now stands, the Dominion Trade and Industry Commission could call together certain people for the purpose of accomplishing certain ends.

Mr. ROGERS: Fair trade conferences.

Mr. BENNETT: As a matter of fact I have made some inquiries, and I find that the present chairman of the tariff board in his capacity as commissioner has adjusted a very large number of intricate and difficult cases—some that I was astonished to hear had been adjusted—and that other applications had been made. My information, although I could not hear quite clearly on the telephone, was, I gathered, that the furniture people themselves suggested the desirability of an early meeting with the commissioner to see what could be done to improve their position. I cannot believe that the commissioner would be quite as good a tribunal before whom to appear to accomplish that end as the commission would be as defined by the Dominion Trade and Industry Act. But that is a difference of opinion, and the minister has succeeded in impressing the Senate with the desirability of having his views prevail. However, I still hold my opinion—which shows that after all there may be differences with respect to important matters of this kind. That does not detract from what I desire to say, which is that I think the minister and the government are to be congratulated upon having accepted these proposals as being more consistent with the general principles enunciated the other day, for instance, by the Minister of Justice (Mr. Lapointe). They are generally in keeping with the British-Canadian conception of the administration of justice as to the conviction of those who may have offended against the statute law of the country, which always contemplates that the accused are innocent until they are proved guilty, and that they shall have the utmost and the freest opportunity of presenting their case before any person who is empowered by statute or otherwise to adjudicate upon their guilt or innocence. For that reason I join with the minister in his motion that the amendments be concurred in, with the earnest hope that nothing which is of importance in the measure under consideration has been taken from it, and that in practice it will have behind it a body of opinion and confidence which it would not otherwise enjoy.

Motion agreed to; amendments read the second time and concurred in.

SUSPENSION OF SITTING

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I am about to move that the house suspend its sitting until nine o'clock. However, I should not like the session to close without expressing on behalf of my colleagues and myself to

hon. members on both sides of the house our very warm appreciation of the manner in which they have cooperated with the government throughout the entire session in the work of legislation which has been before us. We have realized from the beginning that without the cooperation of all hon. members it would not be possible to complete the legislative program we had planned in time to permit of prorogation before the coronation. Fortunately we have been able to consider practically all the measures which we had hoped it would be possible to present to the house at this session, and although the session has been shorter than some others there has been no sacrifice of any public interest. The results have been effected through continuous concentration on the measures before the house, and also by cooperative effort on the part of all to effect the result which he have happily achieved.

I should like particularly to thank my right hon. friend the leader of the opposition (Mr. Bennett) for the help which he has given to me and to the ministry during the session.

Some hon. MEMBERS: Hear, hear.

Mr. MACKENZIE KING: My right hon. friend's long experience in public life has taught him the art of making the path of a ministry very difficult if he cares to do so, and also comparatively smooth if he is of a mind to help in that way. Fortunately since his return from his trip around the world he has been full of sunshine and good humour, and that has been reflected in the proceedings of the house this session. I thank him very warmly, because I realize that without that cooperation we could not have achieved the results which we have, nor could we have brought the session to its conclusion at this time.

I would say just one further word; it is that the significance of the work of the session itself is reflected in the number and the importance of the measures which have been passed. They will, I believe, bear favourable comparison with those of any session of the Canadian parliament.

I beg to move that the sitting be suspended until nine o'clock.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, it is not easy for any leader of an official opposition who has been recently in office and passed through the trying times that we had in Canada to adapt himself readily to the role of the candid friend, especially if he recalls, as sometimes he must, what he had to endure during the period of time to which I have referred. All I can say is that if my right hon. friend does contemplate the possibility of ever being in opposition again, and if he thinks a trip around the world has such a mellowing effect, he should arrange to take one at the earliest possible moment. But I should hope that he would not go alone; I should earnestly hope that he would be accompanied at least by some of his present colleagues, and some of those who would not be unwilling to be his colleagues if the opportunity offered.

It has been a matter of great difficulty to determine exactly what is the duty of one situated as I am at a time such as this. Here is a government charged with great responsibilities, whose prime minister must of necessity represent the country at one of the most important functions in our history, the coronation, which is to be followed by an imperial conference involving the discussion of questions of great magnitude affecting vitally the happiness, well being and prosperity of a great nation, in fact, of many nations. Under these circumstances, as I indicated yesterday, it is really the duty of the leader of the official opposition to discuss the situation with those with whom he is associated, and on balance to determine which course is best in the interests of the country. I do not for a moment deny that great opportunities to make political capital have presented themselves since the day this house opened. There were grave constitutional problems that might have been discussed in a partisan manner, which could have brought no good to anyone, except possibly and momentarily to the participants themselves, but which in the very nature of things could not have been advantageous to the country as a whole.

With respect to the legislation, I believe the prime minister will not think me ungenerous when I say that much of what we have passed might have been presented a little earlier; for I believe that some of the measures would have been the better for more mature and careful consideration. I know, too, that he will not regard it as in any sense a critical observation when I say that we should like to have had these measures go further. It may be suggested that we perhaps take too pessimistic a view of conditions. I hope not. But I do not for a moment deny that after an absence of some months from the country, and on my return looking about me and contemplating the problems that face us, I cannot help thinking that there are very many difficult situations which we shall have to meet before we are firmly established in prosperity. I cannot believe that these will be regarded as the

observations of a pessimist, for my outlook has always been that of an optimist as to the future both of the country and of the party with which I am associated.

On behalf of my associates and myself I thank the prime minister for the kindly observations he has made. It has been a real pleasure to endeavour to assist those who are charged for the moment with responsibility, and to offer such knowledge as experience has brought to one who has been in public life for a long time. The duties of a leader of the opposition were best described, I think, by the late Marquis of Salisbury, who said: The people have decided that the policies and the administration of the late government did not meet with their approval.

A new government has come into office. It is the duty of every one of us to adapt himself to the new conditions in so far as may be possible without the sacrifice of principle, and to aid those charged for the moment with responsibility for the administration of the country's affairs, with all the knowledge and experience and wisdom which this house possesses. For even then the collective wisdom of two hundred and forty-five members does not do more than ample justice to the demands made upon the House of Commons at the present time. I do feel certain that an earnest effort has been made to put upon the statute books legislation, whether affecting trade and commerce, the administration of laws, or the domestic happiness and contentment of the people, which will inure to their benefit, and make this country ever more prosperous, ever greater, expanding always—the oldest and in point of fact the richest and most important of those great nations which with the motherland constitute the British Empire.

Motion agreed to.

At 8.05 p.m. the sitting was suspended until 9 p.m. this day.

The house resumed at 9 o'clock.

PROROGATION OF PARLIAMENT

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

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

Accordingly, Mr. Speaker with the house went up to the senate chamber.

In the senate chamber, His Excellency the Governor General was pleased to give, in His Majesty's name, the royal assent to the following bills:

BILLS ASSENTED TO

An Act for the protection of the Dionne Quintuplets.

An Act to repeal the Biological Board Act and to create The Fisheries Research Board of Canada.

An Act respecting the establishment of a National Park in the Province of New Brunswick and to amend The Nova Scotia and Prince Edward Island National Parks Act, 1936.

An Act to authorize an agreement between His Majesty the King and the Corporation of the City of Ottawa.

An Act to amend the Department of National Revenue Act.

An Act to amend the Supreme Court Act.

An Act to revive and amend The Business Profits War Tax Act, 1916.

An Act respecting a certain Trade Agreement between Canada and Uruguay.

An Act for the relief of Clara Emily Taylor Elkin.

An Act for the relief of Yetta Ginsburg.

An Act for the relief of Marguerite Emily Coombe Low.

An Act for the relief of Mary May Rowell Thom.

An Act for the relief of Eva Josephine Millicent Good Ross.

An Act for the relief of Eva Schiller Lightstone.

An Act for the relief of Ruth Jessica Kimpton Shiells.

An Act for the relief of Grace Ellen Doris Newman.

An Act for the relief of Gretna Golden Laird Rankin.

An Act for the relief of Frank Horace Wood.

An Act for the relief of Edith Mary Bowers-Hill O'Hagan.

An Act for the relief of Isobel Jean Herbert Fleming Johnson.

An Act for the relief of Emilie Letsch Rutishauser.

An Act for the relief of Miriam Silverman.

An Act for the relief of Alice Mary Hickman Ings.

An Act for the relief of Norah Clara Simson Warden.

An Act for the relief of Muriel Beatrice Brown Gray.

An Act for the relief of Joseph Gédéon Emilien Tanguay.

An Act for the relief of Mabel Marjorie Powter Johnston.

An Act for the relief of Evelyn McCaughan McBride.

An Act for the relief of Marie Liette Fortier Mickles.

An Act for the relief of Cecile Snyder Rashback.

An Act to amend the Customs Act.

An Act respecting Foreign Enlistment.

An Act to incorporate Trans-Canada Air Lines.

An Act respecting Department of Transport Stores.

An Act to Control and Regulate the Sale of Feeding Stuffs.

An Act respecting the Testing, Inspection and Sale of Seeds.

An Act to amend the Royal Canadian Mounted Police Act.

An Act respecting a certain Convention between Canada and the United States of America, for the preservation of the Halibut Fishery of

the Northern Pacific Ocean and Bering Sea, signed at Ottawa on the 29th day of January, 1937.

An Act to assist the Provinces of Alberta, Manitoba and Saskatchewan in financing the cost of seed and seeding operations for the crop year 1937.

An Act respecting Gold Clause Obligations.

An Act to amend the Customs Tariff.

An Act to assist in the alleviation of Unemployment and Agricultural Distress.

An Act respecting a certain Provisional Trade Agreement between Canada and Germany.

An Act to provide for cancellation of capital stocks and certain indebtedness of the Canadian National Railway System to His Majesty and for adjustment of the accounts of the System.

An Act for the relief of Albert Henry Pergley.

An Act for the relief of Suzanne Rosenthal Winnikoff.

An Act for the relief of Kate Mary Briggs Robinson.

An Act for the relief of Mildred Gordon Kahn.

An Act for the relief of Ernest Arthur Allen.

An Act for the relief of Florence Rose Wright Clark.

An Act for the relief of Constance Hope Davidson.

An Act for the relief of Rosalie Annie Arathoon Webster.

An Act for the relief of Minnie Sidilkofsky Sadegursky.

An Act for the relief of Simone Baillargeon Mann.

An Act for the relief of Thelma Lucille Farr.

An Act for the relief of Sybil Geddes.

An Act for the relief of Maurice Amedee Tremblay.

An Act to amend the Immigration Act.

An Act respecting The Premier Trust Company.

An Act to incorporate The Canadian Mercantile Insurance Company.

An Act to amend The Excise Act, 1934.

An Act to amend the Special War Revenue Act.

An Act to amend the Customs Tariff.

An Act to amend the Combines Investigation Act and amending Act.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1938.

To these bills the royal assent was pronounced by the Clerk of the Senate in the following words:

In His Majesty's name His Excellency the Governor General doth assent to these bills.

Then the Honourable the Speaker of the House of Commons addressed His Excellency the Governor General as follows:

May it Please Your Excellency:

The Commons of Canada have voted supplies required to enable the government to defray certain expenses of the public service.

In the name of the commons, I present to Your Excellency the following bill:

An act for granting to His Majesty certain sums of money for the public service for the financial year ending the 31st March, 1938.

To which bill I humbly request Your Excellency's assent.

To this bill the Clerk of the Senate, by command of His Excellency the Governor General did thereupon say:

In His Majesty's name, His Excellency the Governor General thanks his loyal subjects, accepts their benevolence, and assents to this bill.

GOVERNOR GENERAL'S SPEECH

After which His Excellency the Governor General was pleased to close the second session of the eighteenth parliament of the Dominion of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

I desire to express my appreciation of the care and expedition with which you have conducted the proceedings of the session of parliament now being concluded. The close and continuous attention given your parliamentary duties is reflected in the number and importance of the measures enacted.

The widespread and substantial improvement in economic conditions is evidence of continued progress towards national recovery. Export trade exceeds in value that of any year since 1929. Expansion in employment is now accompanied by a pronounced decrease in the number of persons on relief.

Convinced that recovery is dependent upon the development of trade, my ministers have pursued their efforts to negotiate agreements with countries willing to trade with Canada on a reciprocal basis.

The trade agreement concluded between Canada and the United Kingdom has received your approval, and effect has been given to the changes in the customs tariff for which it made provision. Ensuring as it does a freer exchange of commodities, through a lowering of trade barriers, the new agreement will, it is believed, bring substantial benefits to producers and consumers alike. It will serve as well to strengthen understanding and goodwill between the United Kingdom and the dominion.

Approval has also been given to a trade agreement with Uruguay and to a provisional trade agreement with Germany. Progress has been made in negotiations with the government of the Commonwealth of Australia for the revision of the existing agreement with that country.

Special provision has been made for the promotion of the sale of farm products.

Appropriate action has been taken to give effect to conventions between Canada and the United States for the preservation of the sockeye salmon and Pacific halibut fisheries.

With a view to fostering increased activity and employment in the construction industries, an act has been passed to facilitate the granting of loans to finance improvements in rural and urban homes. Provision has also been made for the extension of the work of farm rehabilitation in the drought areas of western Canada, for assistance to the fishing industry, and, in cooperation with the provinces, for the further alleviation of unemployment and agricultural distress.

Provision has been made for pensions to blind persons who have attained the age of forty years.

Measures have been enacted to provide for the establishment of a trans-Canada air service, and for revision of the capital structure of the Canadian National Railways.

More effective provision has been made for the defence of Canada.

Measures have been enacted to prevent enlistments from this country in foreign wars, and to provide for the control of exports of munitions and war materials. The profound desire of the Canadian people to discourage resort to armed force, and to promote peace has found further expression in departmental measures to control profits in the manufacture of defence equipment and supplies.

In the opinion of my ministers, economic and social developments since confederation necessitate re-adjustments in the governmental structure of Canada. As a necessary first step, it has been decided to appoint a royal commission of inquiry to investigate the allocation of financial powers and responsibilities as between the dominion and the provinces.

The coronation of Their Majesties King George the Sixth and Queen Elizabeth, on May the twelfth, is an event of unprecedented significance to the nations of the British commonwealth. Arrangements are being completed for the appropriate representation of Canada at the ceremonies.

Canada will also be duly represented at the imperial conference to be held in London immediately following the coronation.

Members of the House of Commons:

I thank you for the provision you have made for the public service.

Honourable Members of the Senate:

Members of the House of Commons:

In taking leave of you at this time, I pray that the blessing of Divine Providence may rest upon your labours.

This concluded the second session of the eighteenth parliament.

END OF VOLUME III.

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